

EUROPEAN NEWS

W Germans told pension system could collapse

BY DAVID GOODHART IN BONN

THE WORKING life of West Germans may have to be lengthened, not shortened, if the social security and pension system is to avert collapse, according to the employers organisation Bundesverband der Deutschen Industrie (BDI).

Italian pay deal may be rejected by teachers

By John Wyles in Rome

HOPES THAT virtually all disruptive action in the Italian school system would be brought to an end this week are looking distinctly shaky in the face of strong moves among many rank and file teachers to reject last week's preliminary pay deal.

FT Correspondents assess the state of the parties after the first round of French voting

French voters prove pundits wrong again

BY IAN DAVIDSON IN PARIS

IT LOOKS AS IF 1988 is turning out to be a unique year in the annals of French elections, at least for the number of surprises inflicted by the electorate on the experts and, above all, on the politicians.

Third, opinion poll predictions of a socialist landslide proved wrong. Many Socialist voters to leave the task to others. Finally, President Francois Mitterrand and Prime Minister Michel Rocard were so insistent on the need to avoid an overwhelming Socialist majority, but rather to build an opening to the centre, that many Socialist voters were discouraged.

It is unclear exactly why so many of the electorate stayed at home last Sunday

If the last two explanations are predominantly true, then one might look for a backlash next Sunday, with many Socialist supporters coming to the aid of the party. The pattern of 1981, which so far resembles that of 1988, does not encourage this expectation.

All change on far right and left

BY PAUL BETTS IN PARIS

THE FORTUNES of the French Communist Party (PCF) and of the National Front, the two parties at the opposite extremes of the French political spectrum, were completely reversed in the first round of the French general election on Sunday.



Marchais: Surprise revival of Communist Party's fortunes

Mr Georges Marchais's Communists succeeded in halting their steady electoral decline and managed to increase their overall share of the vote to 14.4 per cent after hitting an historic low of 6.7 per cent in last month's presidential election.

Although the majority voting system is expected to halve the Communist presence in the National Assembly - the PCF is expected to win no more than 10-15 seats compared with 35 seats in the former Parliament.

Waldheim hails verdict of British television 'trial'

BY DAVID BUCHAN IN BRUSSELS

PRESIDENT Kurt Waldheim of Austria said that the ruling of a mock television trial that he was unlikely to have committed Nazi atrocities proved he was the victim of a slander campaign, Reuters reports from Vienna.

Norwegian minister hints at EC entry 'in long run'

BY DAVID BUCHAN IN BRUSSELS

THE NORWEGIAN parliamentary debate today on the country's relations with the European Community will probably accelerate an eventual application by Oslo for membership, Mr Thorvald Stoltenberg, the Norwegian foreign minister, predicted to the EC Commission yesterday.

Strong vote puts spotlight on centrists

BY GEORGE GRAHAM IN PARIS

AFTER THE re-election of President Francois Mitterrand, Francois Chirac's centrist prominence as the Socialists tried to woo them into the Government, with only small success.

Their strong score in the first round of the legislative elections on Sunday brought them back into the spotlight, even if it was unclear whether the voters were rewarding them for resisting the Socialists' approaches, or encouraging them along the path of openness and dialogue.

Leaders of the centre-right UDF grouping such as ex-President Valéry Giscard d'Estaing and his former Prime Minister, Mr Raymond Barre, were re-elected sweeping in the first round. They will now be free to take leading roles in the national campaign before next Sunday's second round ballot.

Moderate members of Mr Jacques Chirac's RPR party, the UDF's electoral partner, also scored strongly. Mr Alain Carignon, the Environment Minister in the Chirac Government who has admitted he was offered a post in the new administration, was re-elected at Grenoble in the first round, while Mr Michel Noir, the former Trade Minister noted for his insistence that the RPR must have no truck with the extreme right, received 47.83 per cent of the votes in his Lyon constituency and is well placed for the second round run-off.

Ozal support slips as austerity bites and Turkish strikes spread

BY JIM BODGENER IN ANKARA

AUSTERITY measures at last appear to be curbing inflation in Turkey, which halved in wholesale price terms to 2.1 per cent in May compared to April, according to the State Institute of Statistics.

between the escalating militancy among its rank-and-file members and its dialogue with the Government.

Sweeping cuts in public expenditure have meant that few new infrastructure projects will go ahead in 1987.

Yugoslavia gets approval from World Bank

BY DAVID BUCHAN IN BRUSSELS

THE World Bank has confidence in Yugoslavia's tough new programme of economic reform and austerity, Mr Wilfried P. Thalwitz, the Bank's Vice-President said on Monday, Reuters reports from Split.

An era of structural change beckons pulp and paper makers

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

EUROPEAN pulp and paper manufacturers still have some way to go before they can match the sheer size of their US and Japanese competitors. They are also lagging behind in the process of restructuring being undertaken in Sweden and Finland, according to Dr Hartwig Gephart, chairman of the West German group Feldmühle.

FT CONFERENCE Pulp and Paper Industry. Text describing the conference details and industry trends.

Bo Berggren, president and chief executive of Svenska Papper, Sweden, West Germany and France, struggle with wood costs more than double those in the southern US, eastern Canada, Portugal and Brazil for example.

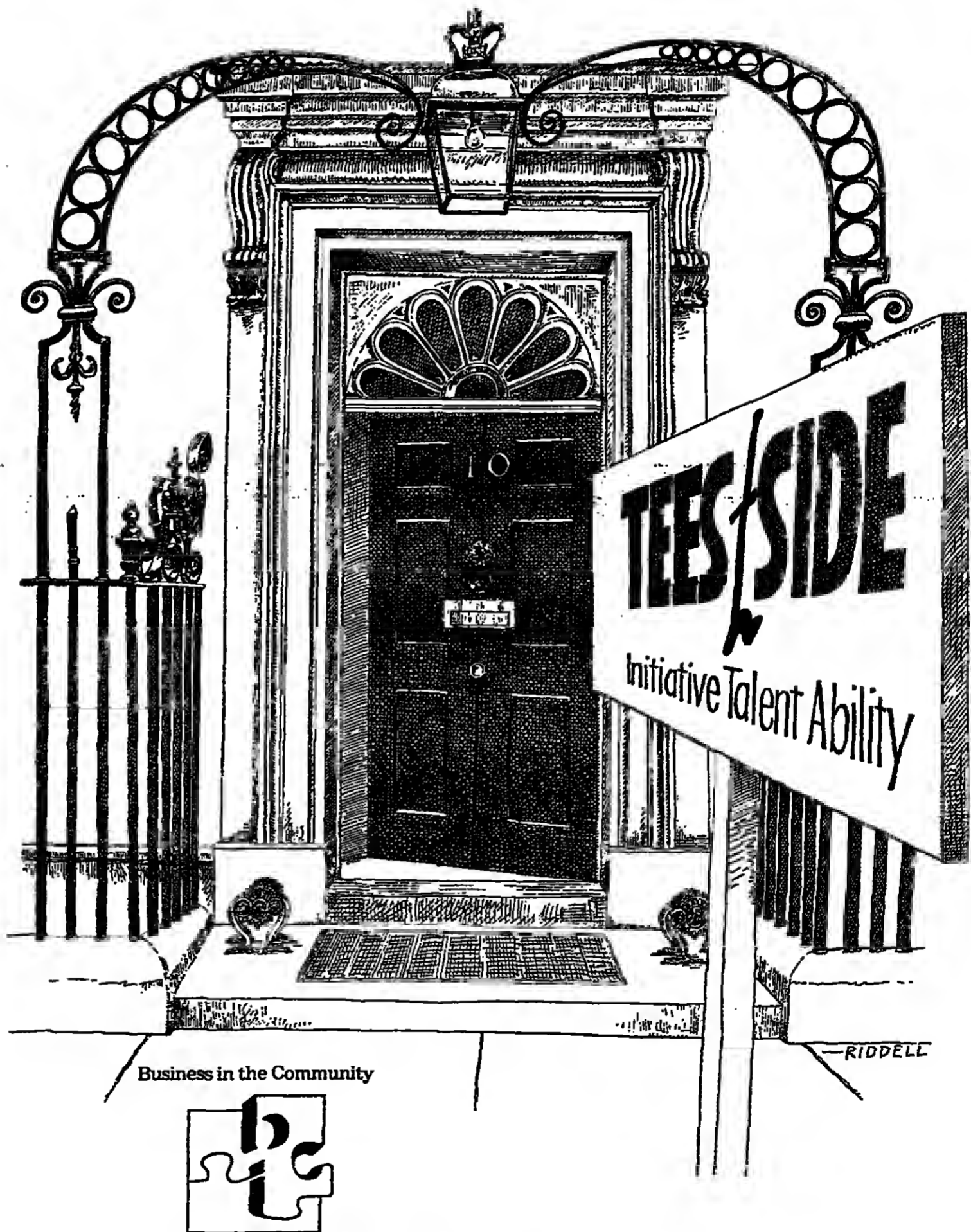
Other speakers included Mr George Petty, chairman of Repap Enterprises of the US; Mr Jorge Nader of Torras Hostench in Spain; Dr Siegfried Meyzel from the Austrian company Leykam; and Mr Jacques Caloud, president of Aussedat Key in France.

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TEESSIDE AT NO 10

Teesdale - Another Teesside Initiative

Last night over a hundred top industrialists and businessmen went to Number Ten Downing Street. At a reception organised through Business in the Community they heard the Prime Minister announce Teesside's latest initiative in its drive for renewal. The **Teesdale Initiative** - a multi-million-pound project to bring new life to both banks of the Tees. New business facilities, new homes, new specialist shops, new leisure opportunities, new roads - new jobs. An imaginative partnership between the Teesside Development Corporation, Murray International and a consortium of developers and financial institutions. The Teesdale Initiative - generating a £110 million investment opportunity. Starting in July. Another Teesside Initiative to join the compelling range of initiatives that the Development Corporation has launched during the past nine months - and in which the private sector is an enthusiastic participant. **'A Marina and Much More'** at Hartlepool. The Tees Offshore Base, a world centre for subocean technology. The redevelopment of Stockton racecourse as a major sports, leisure and retail complex. The partnership with British Urban Development to create the European Chemical Centre...



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The Rt Hon Margaret Thatcher, Prime Minister, Teesside, 16 September 1987

TEESSIDE

Initiative Talent Ability

AMERICAN NEWS

Front-runners face last US primary tests

BY LIONEL BARBER IN WASHINGTON

THE FINAL round of US presidential primary elections will open today with both the Republican and Democratic outcomes looking like foregone conclusions.

Governor Michael Dukakis of Massachusetts is aiming for big wins in delegate-rich California and New Jersey to wrap up the Democratic presidential nomination. Vice-President George Bush is certain to be the Republican nominee.

Mr Dukakis already has about 1,800 of the 2,081 delegates needed to win the nomination at the Democratic convention in Atlanta next month. Some 496 delegates are at stake today in California, New Jersey, New Mexico and Montana.

The focus is likely to be on how Mr Bush and Mr Dukakis perform in California, which could prove a pivotal state in the November presidential election. Some political strategists say it will be difficult for Mr Dukakis, a liberal-inclined governor from a north-eastern state, to capture the White House without winning California, which has 47 of the 270 electoral college votes needed for election.

Mr Dukakis has worked hard in California over the past year, winning support on environmental and energy issues such as nuclear power and proposals to expand off-shore oil drilling. Last week, however, he cut his campaign short after his wife, Kitty, had to undergo surgery on her spine.

Mr Dukakis's absence allowed his sole remaining rival for the Democratic nomination, the Rev Jesse Jackson, to step back into the limelight after a series of big losses in primaries. Mr Jackson is spending \$700,000 on television commercials, including a half-hour TV show of his own in California last night. The big question of the next few weeks is: How will Mr Dukakis keep Mr Jackson sweet if the latter is not, as expected, to be offered the Democratic vice-presidential spot?

Mr Bush has also been taking a breather this past week, spending time at his summer home at Kennebunkport, Maine. One motive was to confer with advisers; less publicised was the matter of money. Heavy spending in the early primaries has left the usually well-heeled Mr Bush short of cash.

Cancer surgery for Duarte today

BY ROBERT GRAHAM, LATIN AMERICA EDITOR

A TEAM of surgeons in Washington is expected to operate today on President Jose Napoleon Duarte of El Salvador in an attempt to slow the spread of what may become a fatal cancer.

Mr Duarte was admitted last Tuesday to a Washington military hospital with a bleeding stomach ulcer of which he had begun to complain 10 days before. This was diagnosed as a cancer of the stomach which is reported to have spread to the lungs.

In private, officials are intimating that the president might live only a matter of months.

However, Mr Duarte, aged 62, is nothing if not a fighter, and he is expected to wish to exercise his office as long as possible.

Presidential elections in El Salvador are due early next year.

Well before the revelation of his illness, he had begun to look like a lame-duck leader, with his Christian Democratic Party deeply split over the succession.

The loss of prestige by him and the party was demonstrated in the March parliamentary elections. The Christian Democrats lost their majority in the 61-seat parliament, being spectacularly overtaken by the right-wing group Arena. Since then, the Christian Democrats have effectively formed two wings with a presidential candidate each.

Against this background, it is just conceivable that Mr Duarte's illness might pull his party together and generate renewed support for the Christian Democrats. It could also create a new dynamic for peace negotiations with the FMLN left-wing guerrillas. However, much depends on whether Mr Duarte will be obliged to pass on the presidency prematurely.

The US Government has relied heavily on him during the past three years to give a democratic image to El Salvador, so enabling Congress to vote large quantities of military aid to combat the nine-year guerrilla insurgency. The political ascendancy of Arena, whose leaders have been associated with right-wing death squads, is embarrassing to the US.

Andrew Gilmore and Francis Fitzgerald aid from San Salvador: El Salvador is facing its worst coffee harvest, which could plunge the country into economic chaos. The drop in coffee production, estimated to reach only 60 per cent of the 1987 harvest, is mainly due to a two-year drought in much of Central America.

Arena is openly advocating a move to free market economics. Mr Alfredo Cristiani, the Arena candidate for the presidential election and a big grower of coffee, has said that his economic programme is to "roll back the State, liberalise the economy, privatise land ownership and effect radical changes in the coffee industry."

At least a third of the economically active population is unemployed. Likely cuts in the seasonal labour required for the coffee harvest would make this problem more acute.

Prospects bright for final peace accord in Nicaragua

BY JOE GANNON IN MANAGUA

A PEACE accord by the Nicaraguan government and the Contra rebels is near as the two sides enter the fourth round of talks today.

Leaders of the Nicaraguan Resistance, the Contra umbrella organisation, are to meet government officials from today until Thursday in Managua. This will be the fourth session held in the Nicaraguan capital to negotiate an end to the 6½-year civil war.

After the last meeting, the government accepted most of the Contras' political conditions for laying down their arms.

Both sides have been blustering publicly for the past few days, but are now saying they expect an agreement which will mark substantial progress, if not a final armistice.

Col Enrique Bermudez, contra military chief, remains unpredictable. As the only Contra leader with any military might, he is the one who could spoil any accord if he decided to stay in Honduras with the troops loyal to him and await the possibility of a new Republican administration in the US.

Some hard bargaining still remains. The Contras want a ceasefire for the main political actions they want in exchange for giving up their weapons. Among their demands are the separation of the ruling Sandinista party from the Nicaraguan army, a private channel on the State television system and a newly independent judiciary and electoral commission.

Venezuelan business fears sharp downturn

BY JOE MANN IN CARACAS

THERE ARE increasing signs that Venezuela's economy is heading for serious problems over the next 12 to 18 months. Hence there is sharp pressure on President Jaime Lusinchi, with only eight months left in office, to act.

Venezuelan business is worried that no big economic decisions will be made to ameliorate the situation. A new government will take office next February and the current administration seems reluctant to offer any significant new initiatives.

Members of the president's ruling Democratic Action party are publicly calling for immediate renegotiation of the \$35.9bn public sector foreign debt, and organised labour is pressing for wage benefits to offset the 40 per cent inflation last year.

The country has suffered a dramatic decline in its foreign currency reserves. Some economists have warned that the balance of payments deficit this year could go as high as \$2bn. Businessmen

who rely on imported raw materials are worried that they will be forced to close their operations as this government or the next tries to conserve foreign exchange reserves by restricting supply to the private sector.

In an interview published this week in the Wall Street Journal, Mr Hector Hurtado, Finance Minister, said the Government will seek \$2bn in new credits overseas and will ask for softer terms on its foreign debt.

However, only last week he said discussions about possible new talks on foreign debt were "a closed chapter" for this government, thus perpetuating the administration's line that it does not want to open new negotiations. Moreover, international bankers in Caracas say that, aside from some new trade credits and \$300m in bonds that the Government wanted to place at the end of last year, banks have received no requests from the Government for large loans.

Many would like to get rid of the rebels, says Robert Graham

Contras become liability to US

FRIENDS EVAPORATE in Washington when a cause begins to look like a loser. This syndrome is affecting the Contra rebels, President Reagan's "freedom fighters," who will arrive in Managua tomorrow for the next scheduled round of peace talks with the Sandinista Government in Nicaragua.

Deeply divided, militarily emasculated by the refusal of Congress to renew aid, and constantly out-witted by the Sandinistas in propaganda and negotiation, the Contras have become a liability. In the final months of the Reagan Administration the Contras look like unsold stock in a showroom about to change hands.

"Most people would like to get them off the shelf before the next administration," commented one official.

Only a rump of the hardline ideological right still enthusiastically supports them. Such support is no longer founded on the

can be extended formally or informally by at least another 30 days.

The ceasefire has worked against the Contras. The congressional ban on military aid has curtailed resupply flights by the CIA over Nicaragua. Meanwhile the Sandinistas have effectively blocked the distribution inside Nicaragua of direct humanitarian aid (\$17m approved by Congress). Leaders of the 10,000-strong Contra force inside Nicaragua, for their part, have been reluctant to move into recognised ceasefire zones for fear of being vulnerable should the ceasefire break down.

As a result, as many as half of the Contra troops have been obliged to return to rear bases in Honduras for food, pay and supplies. Morale is reported low, and three weeks ago some of the troops virtually mutinied demanding the dismissal of Commander Bermudez. In contrast Sandinista troops have rested, been resupplied and consolidated positions, especially along the Honduran frontier where, just prior to the March ceasefire, Contra forces were dealt a major blow.

Thus, the longer the ceasefire holds, the more complex it will be for the Contras to resume hostilities, and the more unpopular such action is likely to be among a war-weary population accustomed to peace.

Demoralised and uncertain of their post-Reagan future, the Contra leadership is badly split. US officials are constantly being called to paper over the differences or act as intermediaries between one faction and another. Military men like Bermudez see little space for themselves in a Nicaragua dominated by the Sandinistas, and would prefer to fight on regardless. Other leaders like the more liberal politician, Mr Alfredo César, favour full negotiation on the grounds that Sandinista concessions have opened a new political process. Washington has manoeuvred him into the main negotiating spot, pushing aside the less presentable Mr Adolfo Calero, who has been the principal political figure for the past three years.

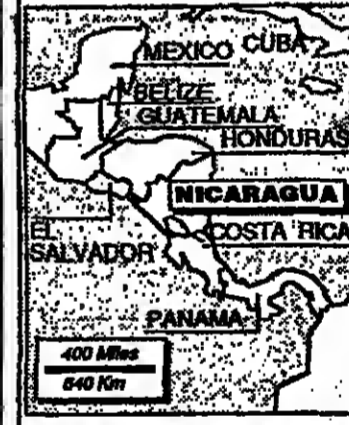
Mr César is calculating that the next US administration (Democratic or Republican) will be looking for a credible figure inside Nicaragua as a counterbalance to the Sandinistas: he wants to be that person.

However, there is little love lost between the internal opposition, who have stayed on inside Nicaragua at personal risk, and are genuinely anxious to end the debilitating seven-year-old conflict: the threat of renewed military assistance to the Contras should the Sandinistas misbehave. However, the Sandinista leadership is acutely conscious that half their battle has always been in Washington for the hearts and minds of Congress and US public opinion. On this public relations front, the Sandinistas have shown they know cannily well how to concede enough to appear reasonable.

They have eased press restrictions, initiated a political dialogue with the 14 parties of the internal opposition, and have accepted direct peace talks in Managua with the Contras, something which President Daniel Ortega not long ago refused to concede. Again last week, in the third round of these peace talks, further concessions were forthcoming, including the promise of "free and honest elections" and a loosening of the Sandinistas' exclusive hold over the apparatus of state.

These concessions were made in the presence of the Contras' military commander, Col Enrique Bermudez, who had previously stayed away from the talks. He has been viewed in Managua as public enemy number one because of his very public association with the Somoceros National Guard.

Direct talks are being considered in Washington, giving Nicaragua what one official called "a certificate of limited survivability." But this is going to be hard for President Reagan to swallow.



prospect of the Contras spearheading a movement capable, as once hoped, of overthrowing the Sandinistas. The motives are more cynical and self-serving.

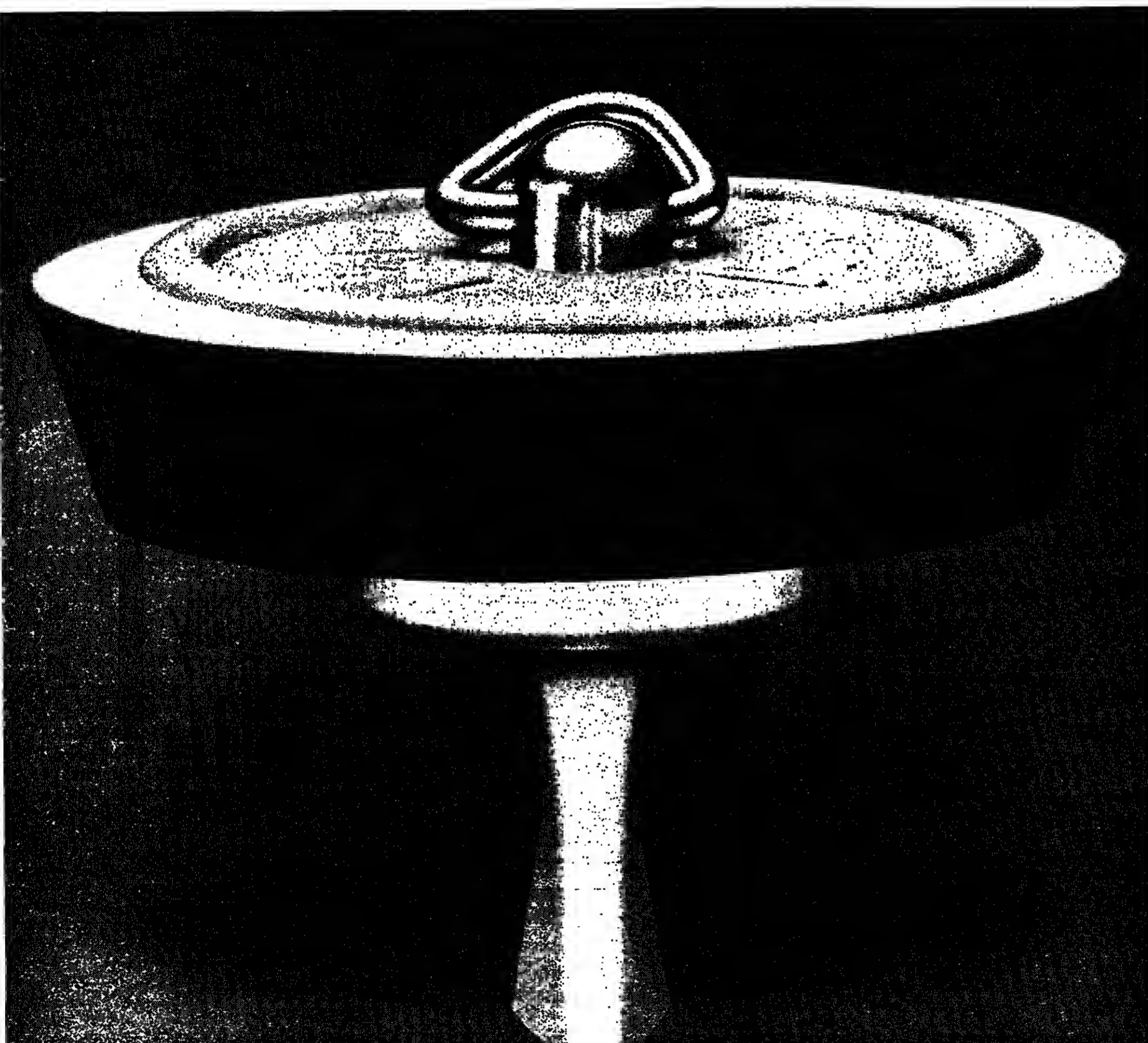
The Reagan administration invented the Contras to wage war by proxy against the Sandinistas and against a broader ill-defined threat of a communist beachhead in Central America. So much of the President's personal prestige has been invested in this crusade that formal abandonment of the Contras would profoundly damage Mr Reagan's standing and would imply, on the logic of his own geo-strategic schema, that communism had won out.

Since the cut-off of congressional funding for "lethal" aid, the Reagan administration has possessed only one weapon to intimidate the Sandinistas, who are genuinely anxious to end the debilitating seven-year-old conflict: the threat of renewed military assistance to the Contras should the Sandinistas misbehave. However, the Sandinista leadership is acutely conscious that half their battle has always been in Washington for the hearts and minds of Congress and US public opinion. On this public relations front, the Sandinistas have shown they know cannily well how to concede enough to appear reasonable.

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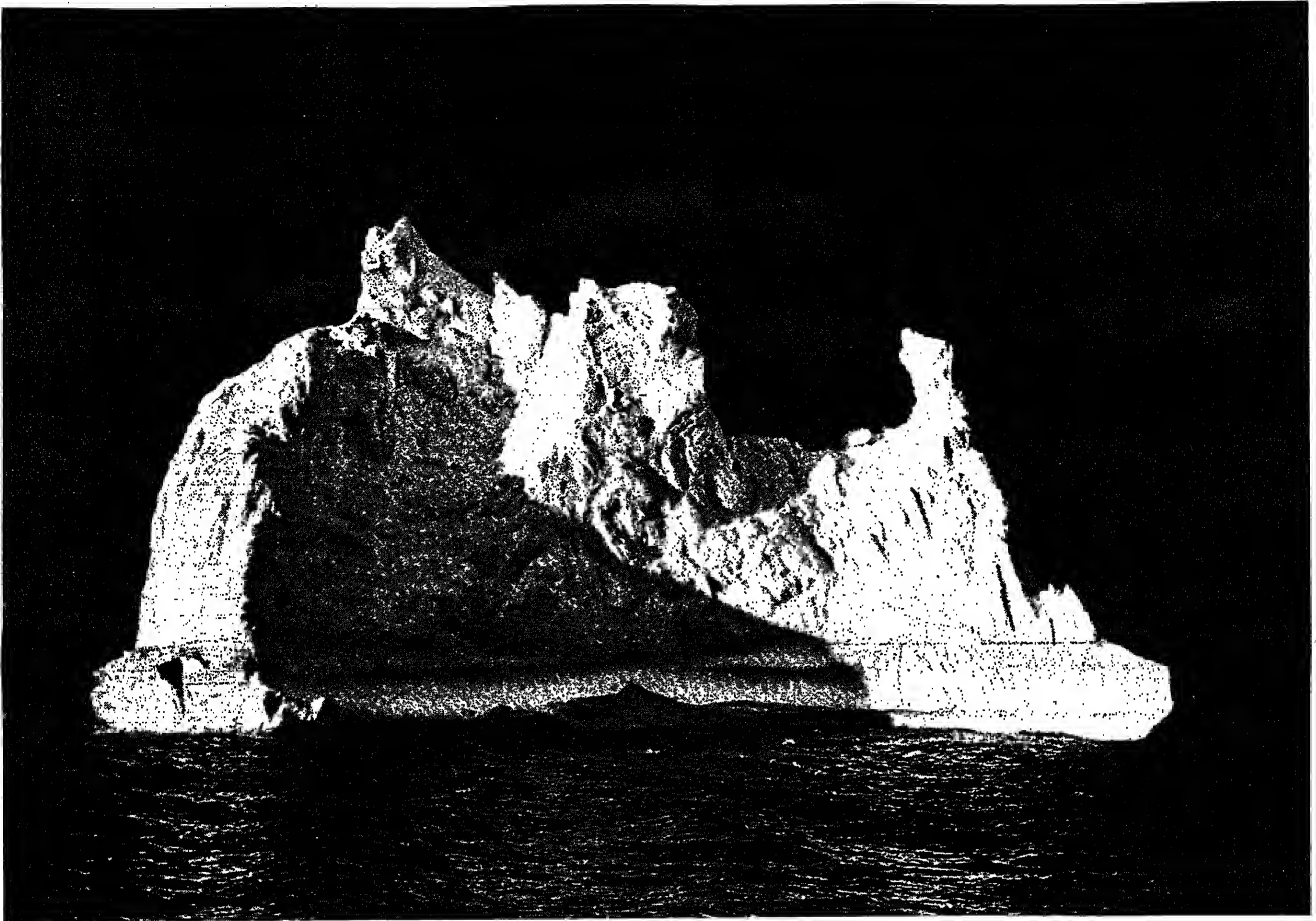
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TECHNOLOGY

Taking the heat out of the plastic engine

David Owen finds that a Canadian company is tackling the problems of internal combustion from a different angle

THE RACE to develop a cost-effective plastic car engine has acquired much of the aura reserved in previous centuries for the alchemist's quest for the philosopher's stone.

Hitherto, the general approach has been to experiment with non-metallic materials - such as ceramics - capable of withstanding the heat generated by the typical internal combustion engine. The problem with this is that the end product tends to be prohibitively expensive.

Now a small Ontario company, Plastic Engine Technology (Petco), believes it may be on the path to eventual success by approaching the problem from a different angle and developing an engine that runs at a much lower temperature.

In 12 to 18 months, it expects to have developed an engine with a plastic crankshaft, says Gerald McKendry, Petco's president who co-founded the company with Leon Lilley, a racing car driver of the Moss/Fangio era.

Within about 24 months, "we will have a 100 per cent non-metal engine," McKendry adds.

The company believes that its technology will work all the way up to a 40-50 hp car engine. The Petco process, originally developed by Lilley about 10 years ago for the US Army Signal Corps, differs in several respects from the conventional internal combustion engine.

It combines a flat piston with a spherical dome head and a bore-to-stroke ratio which, the company claims, permits the maximum volume of fuel mixture in the combustion chamber. The important distinction, Petco maintains, is that its engine achieves substantially complete combustion at a lower temperature, allowing the maximum mechanical energy to be exerted on the piston and leaving no unburned fuel in the chamber. This also means that the bulk of the new engine's exhaust consists of carbon dioxide.

The process works as follows: Fresh fuel mixture moves from the carburettor via a proprietary crankshaft control valve and passes through a hollow crankshaft of a venturi or tube design into a holding chamber. From here, the fuel moves through a poppet valve (timed from a rotating cam on the crankshaft) into the combustion chamber for ignition. It is introduced at the top of the cylinder (rather than through ports at the bottom as in conventional two-stroke engines).

In addition to virtually complete combustion, the company points to four more advantages of the design:

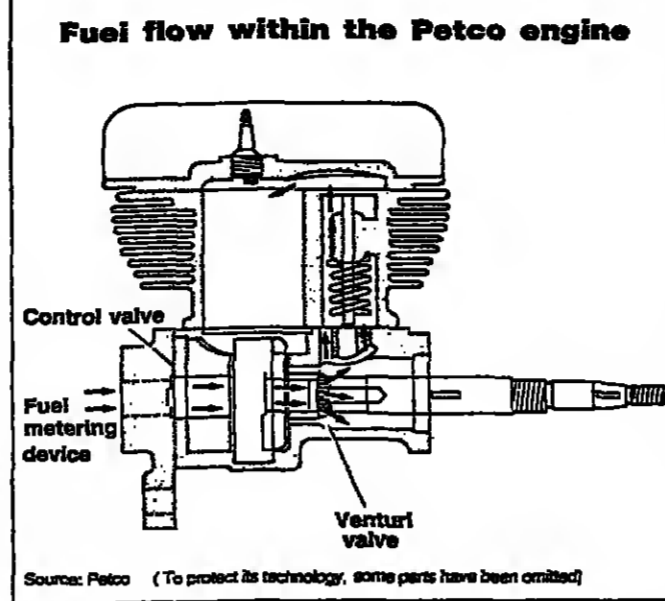
- The fuel mixture, coming into the top of the cylinder, helps expel the exhaust downwards through the appropriate ports and remains largely undiluted.
- The turbulence produced by introducing the fuel through the venturi in the crankshaft provides a better petrol-air mixture.
- The fuel mixture is aimed directly at the spark plug and so helps to keep it cool.

Combustion occurs at a lower temperature than in a conventional engine because of a combination of the timing of the intake poppet valve and the location of the exhaust ports, which permits a small amount of exhaust gas to be retained in the combustion chamber by the upward movement of the piston. As the exhaust gas is mainly carbon dioxide, when it combines with the fresh fuel mixture, it reduces the flame temperature in the combustion chamber and so assists in preventing detonation.

In addition, the engine's flat piston results in less absorption of heat and faster dissipation through the piston, rings, cylinder wall and fins. This effect is accelerated by the use of aluminium alloys in the construction of these parts.

As a result, the company maintains, only a minimal amount of light lubricating oil is required and wear and tear is reduced so that the product's life expectancy is "many times" that of an orthodox internal combustion engine.

According to Petco, the engine operates at temperatures approximately 50 per cent below that of a



Fuel flow within the Petco engine. Source: Petco (To protect its technology, some parts have been omitted)

conventional equivalent. The replacement of many machine-finished metal parts by injection-moulded plastic, also results in considerable cost and weight savings.

The company, which has 125 employees and is based in Kingston, is marshalling its resources prior to launching a range of five small engines on to the market when its new C36.3m (£2.7m) production plant is completed in the autumn.

All five engines, which range in size from 1 to 2.5 hp, will be of conventional design, though one so-called "hybrid" product contains approximately 40 per cent plastic by volume.

The rationale behind starting with conventional engines is, in McKendry's words, "to establish ourselves as a credible manufacturing company before branching out into uncharted territory."

In addition, he believes, Petco is best advised at this stage to tackle the Japanese-dominated two-stroke market segment, leaving the larger engine sizes - where US-based Briggs & Stratton tends to prevail - until it is better established. Overall, estimated small engine sales total 35m units per year, valued at approximately \$2bn.

The company, which anticipates a \$2.5m loss for the year ending June 30 and is now being traded on the Toronto Stock Exchange, is hiding its time manufacturing 35 cc conventional die-cast engines, recoil springs and a range of injection-moulded plastic products on a contract basis.

But its sights are already set on the eventual development (in a joint venture) of a plastic car engine. As McKendry says, "Lee Lilley doesn't get a great deal of kick out of string-trimmer engines."

Clive Cookson

WORTH WATCHING Edited by Geoffrey Charlish

Cheltenham takes an optical leap

THE CHELTENHAM and Gloucester Building Society in the UK is to put all its mortgage files on to optical disc and has ordered a film Megadoc system from Philips, the Netherlands-based electronics group. To date this is Philips's largest order for its Megadoc system.

At the moment the society keeps documents such as property deeds and mortgage agreements on microfilm, a method it believes has become too slow to cope with growing customer service.

According to Michael Yeates, the society's organisation and methods manager, who looked at a number of other storage systems, Megadoc offers the best value for money.

In the autumn, the building society will start scanning its large number of microfilm records, converting them into electronic signals that will be recorded by laser as tiny "bits" on the surface of 12-inch optical discs.

Staff will then be able to extract any document and, in a few seconds, call it up on a workstation screen.

Nigerian company goes digital

ERICSSON of Sweden is installing what is believed to be the largest private telecommunications network in Africa.

The digital system is for the Nigerian Petroleum Company and makes use of 875km of optical fibre cabling. It extends from Lagos on the coast to Kaduna in the centre of the country, and will be used to monitor and control the oil company's pipeline network. It will also transmit speech, text, data and video signals.

Ericsson has not revealed the value of the network, which connects 17 locations. Microwave links are used in swampy areas where cable cannot be laid. The system has a capacity of 4,000 telephone channels or their equivalent in text, pictures or data.

The Nigerian network controls pipelines for the distribution of oil, gas and refined products from production centres to refineries and distribution points.

Robot reaches the parts

A ROBOT intended primarily for sealing tanks in the automobile industry has been launched by ASEA Brown Boveri Robotics (formerly ASEA Robotics) in Sweden.

The robot, of established articulated arm construction, has a long reach of more than 2.5 metres. This gives it easy access to an entire car body. It has a particularly slim arm, enabling it to enter a window easily in a straight line and work in confined spaces. All the signal, power and sealant lines are contained within the arm.

Known as the IRB 3200, the robot also has a control feature that allows the amount of dispensed sealant to be kept constant, regardless of the application speed of the end of the arm along the sealing line.

The robot can always return to the same spot with an accuracy of within three millimetres.

Colour copies at a keystroke

mitsubishi, the Japanese electronics group, has launched a video processing unit which enables users of almost any screen and keyboard computer graphics system to obtain full colour paper or transparency copies of what is on the screen.

Called the B350, the unit takes the red, green and blue signals from the graphics system and converts them to instructions that allow one of the company's thermal transfer colour printers to make a copy.

Image processing can also be carried out by the user, who can lengthen the picture along either axis, print specific sections or rotate the on-screen image.

A joint approach to network customers

TWO UK companies, Fibernet of Aldermaston and Elstree Computing, are joining forces to provide a service for the design and installation of optical fibre and conventional cable systems.

The service is aimed at organisations planning multi-user computer networks. Fibernet is a UK optical fibre transmission specialist and Elstree Computing, part of the John Laing construction group, a provider of cabling for IBM systems.

The two companies believe that, jointly, they will be able to provide savings for customers through integration of their respective skills.

Dealers' new line to telex system

A TELEX system, for use in money market dealing rooms and based on personal computers, is available from Business Line of London.

Called Phoenix, the system allows access to all the company's telex lines from each dealer's existing console. Alternatively a separate PC network can be provided.

If desired, an operator at a central telex console can dispatch messages to the appropriate dealer's screen and deal with transmission.

Dealers can compose telexes for transmission from their consoles, or maintain a store of easily altered, pre-written messages to suit their dealing activities.

The messages can be sent to a prepared list of regular contacts using a short keyboard code. Work in progress on the screen is not seriously interrupted because when the "make call" key is depressed, a window appears in which telex instructions can be entered. "Fail safe" arrangements mean that if any workstation fails, others will still have access to telex lines.

CONTACTS: Philips Business Systems UK, 0205 870115; Ericsson Sweden, 0721 6385; ASEA Brown Boveri Robotics Sweden, 210 8000; Mitsubishi UK, 0702 76101; Fibernet UK, 0756 78122; Business Line; London, 378 0514.

Laboratories look for new connections after privatisation

THE PROSPECT of privatisation has brought uncertainty to the Central Electricity Generating Board's Marchwood Engineering Laboratories, which celebrate their 25th anniversary this summer.

The UK Government has yet to decide what will happen to Marchwood and its sister research laboratories. Leatherhead and Berkeley, after the CEGB generating business is broken up into "Big G" (which will have 70 per cent of capacity) and "Little G", and its transmission grid handed over to 12 area distribution companies. Derek Davis, the board member for research, says the options include keeping the laboratories - which

employ 2,000 people - within Big G, or setting up a new research and development organisation.

Marchwood, near Southampton, specialises in heavy engineering research, 60 per cent for nuclear power stations and 40 per cent for conventional generating plant. Ken Hay, who runs Marchwood, is confident that his laboratories will thrive in a privatised environment though they may have to change their emphasis. For example, there may be more work on ways to reduce fossil fuel pollution. Hay also expects Marchwood to sell its engineering expertise to other industries. "Our mainstream business is bound to be

for the electricity supply industry, but I would not be unhappy if 10 to 20 per cent of our work ended up in other areas."

Until now, government regulations have limited the extent to which the CEGB laboratories can exploit their work outside the electricity industry. Even so, Hay concedes that "the track record of licensing to UK manufacturers has been very poor."

An example of work at Marchwood which could be exploited elsewhere is Warrior (standing for Welding And Repair Robot In Oldbury Reactors). The robot was developed to repair corrosion damage inside the ageing Magnox reactors at Oldbury nuclear power station.

Two important conferences to be held on the eve of the FT Centenary Exhibition. THE FINANCIAL SERVICES ACT - Legislation in Action London, 5 July 1988. BLACK MONDAY - Nine Months After London, 6 July 1988. List of speakers including Mr David Walker, The Hon Francis Maude, Professor Charles Goodhart, Mr Robin Hutton, Sir Martin Jacobm, Mr Glyn Jones, Mr John A Morgan, Mr Keith S Woodley, Mr John R C Young, Mr John M Hennessy, Sir George Blunden, Professor Robert F Glauber, The Rt Hon Denis Healey, Mr Gordon S Macklin, Mr Rodney Schwartz, Mr Terry Smith, Ms Consuela Washington.

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CARE OF THE ENVIRONMENT The Financial Times proposes to publish a Survey on the above on 22nd JULY 1988. For a full editorial synopsis and advertisement details, please contact: S.P. DUNBAR-JOHNSON on 01-248-8000 ext 4148 or write to Mrs M Bracken House, 16 Cannon Street London EC4P 4BY. FINANCIAL TIMES



The S-class range consists of the 300SE, 300SEL, 420SE, 420SEL, 500SE, 500SEL and 600SEL

On the one hand, it is the most luxurious and sumptuous Mercedes-Benz in which to be driven. Sitting in the back the first thing you notice is the amount of space. There is a sense of serene calmness created by the generous interior and plush fittings.

On the other hand, it is the most exhilarating and rewarding Mercedes-Benz to drive. Sitting behind the wheel the first thing you notice is the comprehensive driver information service. Its clear, logical layout is the same across the entire S-class range. It is under the bonnet, however, where the differences lie.

The Mercedes-Benz S-class.

Two opposing points of view.

RECLINING IN LUXURY

A masterpiece of ergonomic engineering, the S-class has seats sculptured to prevent fatigue and discomfort. The rear bench stretches nearly five feet from door to door and allows for a heady 36.6 inches of headroom.

In the SE models there is enough rear legroom for a six footer to feel at ease. Imagine then, the phenomenal amount of room there is in the long wheelbase SEL versions.

Once comfortably reclined in the generous seats with the automatic air temperature control in full flow you are immersed in a feeling of total relaxation.

BIG ON CREATURE COMFORTS

The list of optional luxuries, including electrically adjustable rear seats, electric rear window roller blind, individual reading lights and an electric tilt and slide sunroof, leaves no doubt about the level of opulence that can comfortably be achieved.

There's no more comforting thought, however, than knowing the enjoyment of owning an S-class will not be spoilt by crippling depreciation. The high re-sale price of every S-class is a testament to the legendary Mercedes-Benz reputation for durability. To think of a Mercedes-Benz S-class as anything but one of the most supremely comfortable cars ever built would be very difficult.

HIGH POWER, LOW NOISE

The S-class range extends to seven models, with power units from 3 litres to 5.6 litres, each capable of turning in autobahn speeds of over 130mph. The peerless 560 SEL is a masterpiece of automotive engineering, its light alloy 5.6 litre V-8 engine smoothly powers it to 62mph in a scant 6.9 seconds and takes it upwards to a prodigious 156mph*. No car in its class can match its performance regardless of engine size or number of cylinders. The 300DIN/hp power output so lightly taxes the engine that it makes a barely audible murmur, even under brisk acceleration.

PIONEERING SAFETY

When its supreme combination of handling, ride and performance is added to its enviable list of safety features the S-class is unmatched by any car in the world.

Mercedes-Benz pioneered the rigid passenger safety cell and the scientific crash testing of cars. The S-class benefits from these as well as contemporary innovations such as ABS anti-lock braking, front seat belts with electronic tensioners that tighten on impact and pedals that swing away to reduce injury to the feet in a frontal collision. To think of a Mercedes-Benz S-class as anything but one of the most supremely satisfying drivers' cars ever built would be very difficult.



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*Manufacturer's figures

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And join us on the Waterfront.



UK NEWS

DATA CONFIRM ECONOMIC BUOYANCY

Retail sales up strongly as credit continues high

BY RALPH ATKINS

BRITISH consumers' appetite for credit showed few signs of easing in April while retail sales continued to grow strongly, according to official figures published yesterday.

Department of Trade and Industry figures showed the amount outstanding on consumer credit agreements rose by a seasonally adjusted £300m in April to £24.5bn. That compared with an increase of £400m in March.

Separate figures from the department showed little evidence of a slowdown in retail sales growth. The seasonally adjusted index of retail sales volume was revised upwards in April to show a 0.7 per cent rise compared with provisional figures showing a 0.2 per cent rise in the three months to April. Retail sales were nearly 1 1/2 per cent higher than the previous three months, and 6 1/2 per cent

higher than the same period a year before.

The consumer credit figures cover bank credit cards and include agreements with retailers, building societies, retailers and finance houses. They exclude loans on bank personal accounts and from insurance companies.

Although the April rise was less than in the previous month, there is little evidence of a slowdown in the underlying rate of growth.

In the three months to April the amount of credit outstanding increased by more than £1bn compared with less than £500m between November and January.

New credit advanced to consumers, before taking account of repayments, was £3.3bn in April compared with £3.4bn in March. The total for the three months to April was 9 per cent higher than in the previous three months.

The continuing strength of consumer credit and retail sales highlights the buoyancy of the consumer sector in the economy. However, this is likely to increase the fears of some independent economists that economic growth is becoming unbalanced.

If consumer spending, fuelled by credit, continues to grow rapidly, it is argued, it could add to inflationary pressures and lead to large increases in imports.

Yesterday's half a percentage point rise in bank base rates is unlikely to have a significant effect on consumer credit which is thought to be insensitive to the cost of interest payments. Retail sales are likely to be affected significantly only if the rise feeds through into higher mortgage rates which would have an impact on households' spending behaviour.

In Brief

Aid to BAe for Airbus project not ruled out

LORD YOUNG, the British Trade and Industry Secretary, has refused to rule out further government aid to ensure British Aerospace's continued participation in the European Airbus project, writes Ivor Owen.

The minister said in the House of Lords yesterday that he had met BAe management to discuss the problems caused by the low dollar but that he had received "no firm proposal" for additional support. However, he refused to give an undertaking that "under no circumstances" would such assistance be given.

BA launches shops

British Airways is to replace its existing high street sales outlets with a chain of up to 60 shops, to be called FourCorner, aimed at high-income travellers. A subsidiary, British Airways Enterprises, has been set up to undertake the £10m venture.

GLC site shortlist

A shortlist of four developers has been drawn up for County Hall, the former headquarters of the Greater London Council. Twelve bids had been made for the contract to redevelop the site, covering over 1m sq ft on the south bank of the River Thames. A final decision has been promised within the next month or so.

Britain 'backs Opec'

MR CECIL PARKINSON, Energy Secretary, said yesterday that he supported Opec's efforts to stabilise oil prices at about \$18 a barrel. Speaking after meeting President Suharto of Indonesia, Mr Parkinson said that although Britain was not a member of Opec it was effectively helping the organisation's efforts because its own output was gradually falling.

SNP poll tax revolt

The Scottish National Party has launched a campaign to persuade 100,000 Scots to refuse to pay the community charge or poll tax when it comes into effect in Scotland, under a comprehensive reform of local taxation, next April.

Car registrations likely to set record as May sales rise 11%

BY KEVIN DOME, MOTOR INDUSTRY CORRESPONDENT

NEW CAR SALES jumped by 10.79 per cent in May, making the UK one of Europe's fastest growing volume car markets.

Car sales are expected to set a record in 1988 for the third successive year. Last year they exceeded 2m units for the first time.

The hectic rate of growth of the last two years has finally begun to slow in some European markets, but UK car registrations continue to rise strongly. Last month they rose to 185,422 units from 167,357 a year earlier, the highest May sales since 1979 according to figures released yesterday by the Society of Motor Manufacturers and Traders.

Figures for other European markets are due later this month. For the first five months UK new car sales rose by 10.26 per cent to 836,123 units from 848,216 in the corresponding period a year earlier. For the 12 months to the end of May, new car registrations reached 2.1m compared with the 2.01m recorded for 1987.

Ford, the market leader, appears to have recovered fully from the impact of the two-week

national strike at its UK plants in February and captured 32.08 per cent of the market in May.

Its market share for the first five months is lower than a year ago at 27.29 per cent compared with 29.05 per cent in the first five months of 1987, but it still holds unchallenged the top three positions in the UK car sales league with the Escort, Fiesta and Sierra models.

Austin Rover's share of the UK new car market has continued to fall despite a three-month low-cost financing promotion it is running for the Metro.

It captured 13.21 per cent of the market in May compared with 13.52 per cent a year earlier, while for the first five months its share has fallen to 14.77 per cent from 15.57 per cent a year earlier despite a modest increase of 4.7 per cent in sales in the first five months to 138,310 units.

The share of imported cars in the UK market has increased sharply in the first five months to 54.64 per cent compared with 50.71 per cent a year ago, mostly because of a strong rise in the volume of cars being imported by

both Ford and Vauxhall from continental plants.

The share of UK-built cars in Ford's sales in the first five months slumped to 57 per cent partly under the impact of the February strike - from 72.5 per cent a year ago, while Vauxhall's UK-built cars accounted for 66.3 per cent of sales compared with 70.9 per cent a year earlier.

Citroen, part of the French Peugeot group, and Nissan of Japan have made some of the biggest gains to date. Citroen almost doubled its market share in May to 3.29 per cent compared with 1.76 per cent a year ago as its sales volume jumped by 106 per cent to 6,083 from 2,950. In the first five months it has increased sales by 64.5 per cent and raised its market share to 3.11 per cent from 2.09 per cent.

Nissan has increased its market share in the first five months to 5.5 per cent from 4.5 per cent a year ago, and in May alone it captured 6.56 per cent of UK car sales, boosted by increasing production from its UK assembly plant in Sunderland, north east England.

Ulster group creates 225 jobs
 KORBROOK Laboratories, Northern Ireland pharmaceutical company, yesterday announced an expansion plan which will bring 225 new jobs to the company, says Mr Edward Haugherty, Ulster group chairman. The expansion was a result of a £5 million order for pharmaceutical products from the company's parent, the Ulster group.

Tyrone Crystal plans a new £6m factory
 By Robert Keated
 A £5 million investment will create 100 jobs in Tyrone, County Tyrone, says Tyrone Crystal, a Belfast-based glass manufacturer. The investment, which is being financed by the Northern Ireland Development Board, is to be used to build a new factory in Tyrone. The company was launched in 1971 to revive a 200-year-old tradition of local glass-making. However, it was rescued from bankruptcy in 1980 by the Department of Agriculture and District Agricultural Cooperative. The factory is now producing glass for the health industry.

£20m boost for Northern Ireland plant
 CHEMICAL company Du Pont has announced a £20 million investment plan for its plant near Londonderry in Northern Ireland. It is to build a facility to produce chlorine and chemical feedstocks for use in the chemical and fibres manufacturing at the site at Maydown. Work on the plant began last year.


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The Gold Maple Leaf. The world's gold coin standard.

UK NEWS

Charges dropped against Page in Howden affair

BY NICK BUNKER

POLICE have dropped all charges against Mr Allan Page, a defendant in the Alexander Howden fraud case, because Mr Page is suffering from complications following a serious operation, London magistrates heard yesterday.

Mr Page, who is in his 60s, was one of five men arrested last July on fraud and conspiracy charges arising from the six-year-old Howden affair at Lloyd's of London, the insurance market. They include Mr Ian Fosgate, former marine insurance underwriter.

News that charges against Mr Page had been abandoned came as the court began the first day of committal proceedings against Mr Fosgate and three other men, Mr Kenneth Grob, Mr Jack Carpenter and Mr Colin Leonard Roy Hart. The proceedings are expected to last up to four weeks.

Mr Page was finance director of Alexander Howden, one of London's biggest insurance brokers, until August 1982, when he resigned from its board six months after it was taken over by New York-based Alexander & Alexander Services.

Along with Mr Grob, Mr Carpenter and Mr Fosgate, he was charged last July with conspiracy to defraud Alexander Howden

between 1979 and 1982 by falsely representing that a syndicate of buyers of the Geneva-based Banque du Rhône et de la Tamise had no connection with the Alexander Howden group.

Mr David Inman, counsel for Mr Page, told the court yesterday Mr Page had a short life expectancy.

Reporting restrictions were not lifted at the hearing, but the Crown Prosecution Service laid a series of new detailed theft and fraud charges to replace the specimen charges which were brought against the other four men last year.

Mr Grob, former chairman of Alexander Howden, now faces 56 allegations in all, the first of which is that in August 1981 he stole £1,135,510 belonging to Alexander Howden and to members of Lloyd's insurance syndicates.

He is also charged on several counts of false accounting.

Mr Fosgate faces two charges, including conspiracy to steal money from members of Lloyd's syndicates. Mr Hart, a former professional Lloyd's underwriter, faces three charges of conspiracy to steal money from Lloyd's syndicates.

The hearing continues today.

Unionist politicians snub Dublin overtures

By Kieran Cooke in Dublin

POLITICAL flirtations quickly turn sour in Ireland.

Only last week Mr Charles Haughey, the Irish Prime Minister, was describing as "very exciting" the prospect of talks with Mr James Molyneux, the leader of Northern Ireland's Official Unionist Party.

However, over the past two days both Mr Molyneux and the Rev Ian Paisley, the leader of the Democratic Unionist Party, have made it clear that no such meeting is contemplated, nor is it desirable.

Mr Molyneux described as "outright lies" speculation that he and Mr Haughey had exchanged position papers about the situation in Northern Ireland and said he had no intention of meeting the Irish Prime Minister in the foreseeable future.

Mr Paisley, made his position clear on Irish radio.

"No Unionist worth his salt would sit down at an all-Ireland constitutional conference, allowing Dublin to have any say in the future of Northern Ireland or to discuss a Northern Ireland government."

Mr Paisley said that the Anglo-Irish agreement had to be scrapped and devolved government returned to Northern Ireland.

Tom Lynch examines a procedural dispute over a stalled bid to change abortion law

Alton takes 18th century tack to save his bill

MR DAVID ALTON, the Democrat MP, will today try to resurrect his bill to reduce the time limit on abortions by, in turn, resurrecting a parliamentary stratagem from the early 18th century.

The device is known as 'tacking', meaning to tack an amendment on to a bill. It originated when only Church of England communicants were allowed to represent English constituencies. Many nonconformist Whig members stayed MPs by confirming with the established church once a year.

This occasional conformity so enraged the High Anglican Tories that they took to adding amendments to every bill before parliament to outlaw the device.

Tacking is accepted practice in other countries - US President Reagan last month vetoed a trade bill partly because a provision had been tacked on to require employers to give 60 days' notice of plant closures. But ever since the battle over occasional conformity, tacking has been frowned on in the UK.

However, Mr Alton, MP for Liverpool Mossley Hill, has been

so angered by the failure of his bill to make progress - it now has no hope of becoming law under the private members bill procedure whereby individual MPs sponsor proposed pieces of legislation - that he has moved it as a new clause to the Government's Criminal Justice Bill, which today begins its report stage in the House of Commons.

To point up their concern at the tactic, Mr Alton's opponents have joined in the tacking campaign, attempting to add to the same bill a range of stalled private members' bills on subjects

as diverse as the humane slaughtering of deer, the printing of nude pictures in newspapers and the sale of toy guns.

There is also said to be some pressure from those seeking to reduce the abortion time limit from 28 weeks of pregnancy to 24, instead of the 16 weeks proposed by Mr Alton. A powerful lobby of parliamentarians rallied round this proposal earlier and they may seek to use tacking to promote their view.

It remains to be seen whether Mr Bernard Weatherill, the

Speaker of the House, will select Mr Alton's amendment, which has been ruled to be in order, in order to see whether it is covered by the "lost title" of the bill the House printed on the bill defining its purposes.

The long title of the Criminal Justice Bill is very long indeed, covering as it does new powers to appeal against lenient sentences, powers of various courts and institutions, the carrying of knives, compensation for miscarriages of justice, child pornography, bail and powers of search.

Birmingham to get £203m aid

BY WILLIAM DAWKINS IN BRUSSELS

BIRMINGHAM is to get £203m of European Community aid and loans over the next five years, the largest single tranche of EC assistance approved for the UK and the first assistance project of its kind earmarked for the country.

The cash, announced by the European Commission yesterday, is to help the economic regeneration of the city under a so-called Integrated Development Operation (IDO), a new kind of EC assistance whereby different Community social and regional funds are handed out in a co-ordinated way over a period of years.

It is intended to be more effective than the previous way of dispersing aid for individual projects year by year, and was introduced as part of the EC budget and regional aid reforms agreed at the February summit of Community leaders.

The Birmingham programme represents a total investment of £460m between 1987 and 1991, including private contributions and the city's own funds. It will be spent on job creation, encouraging diversification of the local economy into services, tourism and high technology, improving local transport and training.

Yesterday's decision comes after a flurry of lobbying in Brussels by UK city authorities, fearful that they will lose out to southern member states. EC leaders agreed in February that this structural spending should rise from Ecu7.4bn (£4.9bn) this year to Ecu13bn in 1992.

Of the total, £113m comes from the European Regional Development Fund, the biggest of the EC structural funds. Another £30.6m comes from the European Social Fund for Vocational Training, with loans worth £20.6m from the European Investment Bank and £23.9m from the European Coal and Steel Community.

Assets 'may cover' most of Barlow Clowes debt

By Clive Wolman

MR MICHAEL Jordan of accountants Cork Gully yesterday gave encouraging news to the 7,000 investors in Barlow Clowes Gilt Managers, which the Securities and Investments Board is seeking to wind up.

Mr Jordan, the firm's special manager, told a group of 70 solicitors, accountants and financial advisers that holdings of gilt-edged securities already identified would cover most of the £51m of investors' money placed with the company.

The gilts are being held by Midland Bank Nominees. Mr Jordan said that if there was any shortfall, it would be small. However, in view of the company's poor record keeping, delays might arise in allocating all the assets to investors in the correct amount, he said.

Whether or not a deficit exists hinges mainly on the precise interpretation of clauses in the contracts under which Barlow Clowes has been managing investors' gilt portfolios. These do not make clear whether the firm is obliged to repay the gilts to investors at their full redemption value.

It also emerged yesterday that Barlow Clowes had a professional indemnity policy which guaranteed investors against any losses through fraud or negligence up to a maximum of £10m. The policy, which was placed by Fenchurch Alliance Insurance company, lapsed in mid-1985. However, those who invested before then may receive some additional protection.

Meanwhile, some of the 11,000 investors in Barlow Clowes International, the associated company which is based in Gibraltar, have initiated an action in the Gibraltar courts to freeze its assets, which have to meet liabilities of about £130m to clients.

The UK authorities, which are fearful that money may have been shifted between the two companies, are also considering action in the Gibraltar courts.

IFS warns of renewed turmoil in coal sector

By Maurice Samuelson and Max Wilkinson

RENEWED turmoil in the British coal industry could follow privatisation of the power stations, the Institute for Fiscal Studies warned yesterday.

In a report on the impact of electricity privatisation on other energy industries, IFS cannot predict when rival private electricity producers are likely to focus on fuel prices.

The less the industry pays for its fuel, the report argues, "the more profitable it will be and so the larger will be its market value." Power generators will presumably therefore be allowed, "perhaps even encouraged," to substitute imported coal for domestically produced.

The IFS argues that Central Electricity Generating Board has, as a monopoly, been willing to prop up British Coal by buying a substantial tranche at a price well above that of imports. However, it says it is inconceivable that a similar understanding will be reached with the two generating companies to be formed from the CEGB after privatisation.

If, on the other hand, electricity were put under pressure to cut costs, the balance of argument in the industry would shift. "In these circumstances there would still be hard times ahead for British Coal."

One of the contributors to the report, Mr Dieter Helm of the London Business School, has urged the Government to distinguish between two kinds of regulation needed once the electricity industry was privatised.

The first would protect consumers from excessive price increases by a monopoly industry, whereas the other would prevent established companies from freezing out competition.

The CEGB is to seek planning permission this summer for a 1,500MW coal-fired power station at Kingsnorth.

One of Germany's contributions to uniting the nations.



Parliament expected to reject case for hanging in fresh vote

BY MICHAEL CASSELL

MPs RETURN to the House of Commons today to debate the case for restoration of the death penalty, 23 years after it was abolished. They are, once again, expected to defy public opinion and vote against its reintroduction.

The Commons will have the opportunity to debate one of the most controversial of political issues, following the tabling of an amendment to the Criminal Justice Bill, which returns today for its report stage.

The most likely amendment to be chosen by the Speaker of the House has been put down by Mr Roger Gale, the Conservative MP for Thanet North in Kent. He has the support of about 100 MPs in his call to reintroduce capital punishment as the maximum penalty for murder. There are 650 MPs in the Commons.

Under his amendment, a jury would have the power, after reaching a guilty verdict, to recommend the death sentence.

Mr Gale claims MPs will, in effect, also be debating whether or not the police should be armed. He points out that, under the bill, the courts will be able to impose the same penalty for carrying an offensive weapon as for using it. He believes that without capital punishment the offender will have no disinclination to use a weapon and the case for arming the police will be strengthened.

The debate will provide MPs with their first opportunity to debate the issue since last year's general election. Despite evidence that the new influx of 83 Tory MPs should swing the balance in favour of those supporting capital punishment, another sizable vote against its return is expected.

A recent poll by the Mori organisation showed, however, that 67 per cent of British voters favour the return of the death penalty, with the figure rising to

80 per cent among the young. It is likely that, as in the past, MPs will tend to regard the occasion as an opportunity to exercise their own consciences, rather than express the wishes of their voters. However, they will reach their decision only after facing intense lobbying by supporters of both sides of the argument.

The anti-hanging camp is led primarily by Amnesty International, the human rights organisation, and the Howard League for Penal Reform. Their case is based primarily on moral grounds and on the lack of evidence to support the view that the death penalty acts as a deterrent. Possible miscarriages of justice are also cited as an argument against its reintroduction.

On the other side of the argument, the recently-formed National Capital Punishment Campaign claims MPs cannot continue to ignore the wishes of the overwhelming majority of the public and says it already has the support of over 60,000 people for Mr Gale's amendment. It is committed to continuing the fight, even if its cause is defeated today.

Mr Gale was last night pessimistic about his prospects for success, claiming "If I was a betting man I would not put any money on my amendment." He believes many MPs might still be absent on the first day after the Commons' spring recess and also thinks some Tory MPs, who are opposed to the death penalty but under pressure from their local party to vote in favour, will solve their dilemma by staying away.

Whatever the Commons decides, capital punishment will remain on the statute book as the mandatory penalty for high treason and for piracy with violence. One set of gallows is kept in working order at Wandsworth prison.

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UK NEWS

Alice Rawsthorn on the changing UK carpet sector

Coloroll's acquisition takes it to the top

COLOROLL won control of the John Crowther textile group on Friday, in the latest of a series of recent changes in the British carpets market. The takeover makes Coloroll the largest manufacturer and the second largest distributor of carpets in the UK.

Because MCD, Crowther's distribution concern, is in good shape, the main challenge will be to revitalise the manufacturing side of its operations. If this succeeds, Coloroll will become a formidable force in the £2.5bn British home furnishings market. It will also exert considerable influence over the restructuring currently under way in the £550m carpet industry.

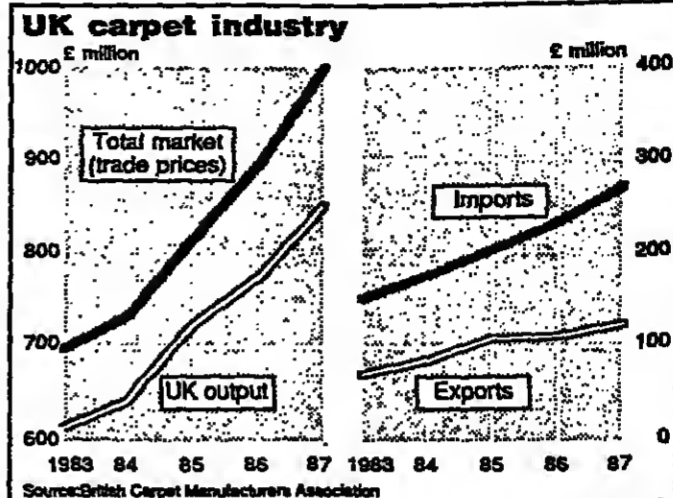
Until the mid-1980s the industry was the domain of hundreds of family businesses. The problems implicit in a fragmented structure - compounded by the power of the "pile it high and sell it cheap" retailers such as Harris and Allied - left the industry vulnerable to sudden slumps in consumer spending and to increasing imports.

Then, in 1985 and 1986, carpet manufacturing was reshaped by a series of acquisitions which led to the emergence of four forces within the industry. Coats Viyella (then Vantona Viyella) became the biggest carpet company in the UK by adding Lancaster Carpets to Donaghe, through its acquisition of Nottingham Manufacturing. It has since acquired Youghal, a big but troubled manufacturer in the Irish Republic.

Crowther surfaced as the second largest player by merging Carpets International with Weavercraft, Lamont Holdings, a specialist textile group, acquired Shaw as a loss-making concern, while Coloroll ventured into carpets when it bought Wallbridge Holdings.

The reorganisation that followed these acquisitions introduced a new wave of management to the notoriously badly run industry and resulted in long overdue plant closures and cuts in capacity, borne principally by Coats and Crowther. Both found the process of reorganisation unexpectedly difficult, and for the past two years both have been plagued by production and distribution problems.

Their weakness has in turn given the smaller companies a chance to strengthen their hold



Source: British Carpet Manufacturers Association

on the market. Lamont has steered Shaw back to profit, Coloroll has broadened the base of Wallbridge's business, and Tomkinsons has consolidated its position in consumer carpets. Brinsons and Hugh Mackay have gained ground within the contract market.

Coats is still grappling with the problems of Youghal but its reorganisation should be completed by the autumn, when it will introduce new ranges. The Crowther carpet companies are, however, struggling. Through the takeover, Coloroll has acquired two huge production plants in Bradford and Kidderminster. Both are operating well below capacity, with heavy overheads and a legacy of management problems.

If it is to salvage these businesses, Coloroll must act swiftly to cut costs, boost output and restore stability.

It has already mapped out preliminary plans. It will rename the plants at Bradford and Kidderminster the Kossiet and Crossley mills respectively, and retain its existing Wallbridge site in Somerset as the Coloroll Mill. It hopes to increase output at the plants by augmenting sales to Harris and Queensway and also to emerging carpet retailers such as the do-it-yourself stores Texas and B&Q.

About £3m will be saved through economies of scale by pooling the buying of raw material. Coloroll also plans to introduce techniques already used at

Wallbridge to the other two mills. To improve stock and waste control.

It equally has the option of shedding the "peripheral" parts of Crowther's carpet activities. It could sell the spinning mills through management buy-outs, for example, close the sales centre at Brighouse in Yorkshire, or reduce labour costs at the factories in areas like maintenance.

It may not face an easy task, given that the takeover has come at a time when the carpet market is becoming increasingly competitive. First, the enlarged Coloroll operation will face far tougher competition than it has until recently from fellow domestic manufacturers: not only from niche producers like Tomkinsons, but also from Coats and Lamont.

Second, the recent strength of sterling has accelerated the influx of imports into the UK from countries such as Belgium and, to a lesser extent, the US. The company's third problem is that its plans for boosting output depend on increasing sales to Harris and Allied, both of which are in difficulty.

On a more mundane note, Coloroll also faces the challenge of introducing new products in time for the Harrogate Carpet Fair in September. This is the highlight of the industry's year, when manufacturers unveil their designs and retailers commit their budgets. Unless Coloroll can rush out new ranges in time, its grand plans for the carpet market could be stalled for another year.

Benn opens left attack in Labour defence row

By Michael Cassel

MR TONY BENN, the Member of Parliament for Chesterfield who is challenging Mr Neil Kinnock for the leadership of the British Labour Party, yesterday accused Mr Kinnock of attempting single-handedly to change Labour defence policy.

His remarks, which are certain to be echoed by the party's left wing during the leadership election, followed Mr Kinnock's assertion at the weekend that the principle of "something for nothing" unilateralism was now redundant.

Mr Benn will today unveil details of the second annual socialist conference, due to be held in his constituency on June 11 and 12, together with discussion papers which will form the basis for left wing campaigning during the leadership contest.

The conference, which could attract more than 2,000 delegates, will inevitably provide a platform for Mr Benn's campaign. Issues to be discussed include the role of public ownership, wider economic issues, policies for the inner cities and new rights for trade unions.

Commenting on Mr Kinnock's suggestion that support for unilateral nuclear disarmament was no longer appropriate, Mr Benn accused the party leader of undermining Labour's credibility by appearing to overturn agreed policy in the search for electoral support.

He claimed that British voters no longer had the slightest idea of what the Labour Party stood for. As a result, the Conservative Party was still ahead in the polls, despite the Government's problems over proposed changes to local taxation, the recent budget and the National Health Service.

Eventually, he said, there would be no difference between the Labour and the Conservative Party, where the leader traditionally made policy. On a whole range of policies, Mr Benn claimed to see a "coalition" in parliament, within which the Labour leadership tacitly supported the Government.

Mr Benn added: "Our problem is not that we have not been able to persuade the electorate over the past three general elections; it is that we have not been able to persuade our own leadership to support policy we have agreed on".

New Issue
June 7, 1988

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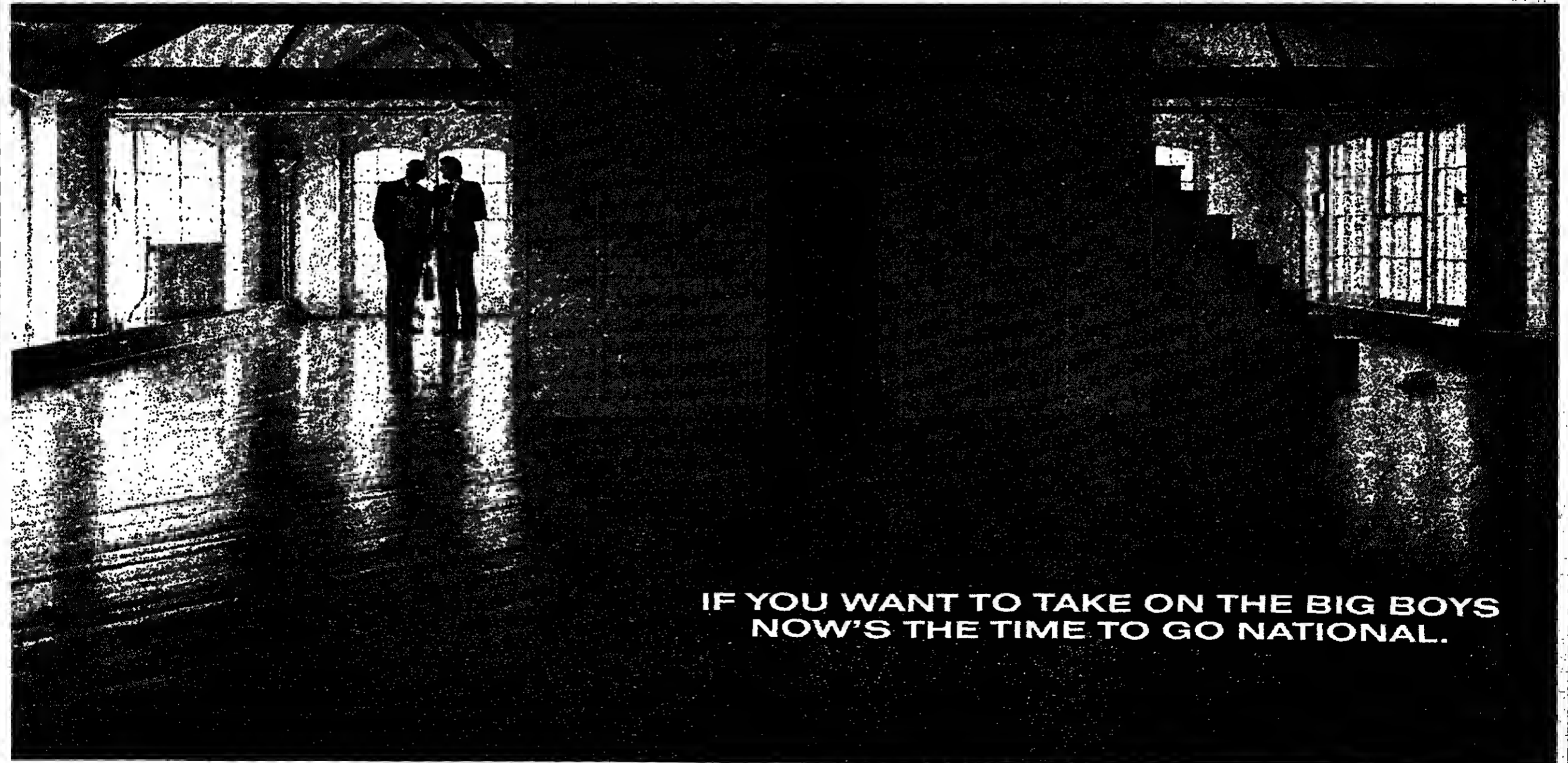
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APPOINTMENTS

CONTRACTS

Finance director of the ASDA Group

Mr Edward Lea, finance director of the ASDA GROUP, is to resign from the board after the annual meeting in September. He will be succeeded by Mr Ronald Scott, finance director of ASDA Stores. Mr Graham Shaw will replace Mr Lea as joint managing director of ASDA Stores, with responsibility for distribution and management information services.

Mr Les Tench, managing director of Steelley Brick & Tile, has been appointed chairman of THE BRICK DEVELOPMENT ASSOCIATION.

Mr Peter Goldie, chief executive of British & Commonwealth Holdings, has been appointed a non-executive director of CALA. B&C has a 16 per cent holding in the company.

Mr Alan J. Birch (Sun Alliance Insurance Group), chairman of The Salvage Association, has been elected chairman of the ASSOCIATION OF AVERAGE ADJUSTERS.

HARVEY PLANT has appointed Mr Peter Cosgrove as managing director. He joins from a sister Lex company, Lex Electronics Europe, where he was personnel director.

Mr Kenneth B. Sinclair has been appointed a director of Barclays Bank and BARCLAYS PLC from July 1. He has been a director of Barclays de Zoete Wedd holdings since its formation in 1986, and



was a senior partner of de Zoete & Bevan.

Mr Mike Freshney has been appointed to the board of CREST NICHOLSON as director responsible for residential development. He is managing director of Crest Homes, a post he retains.

Mr Richard Brett has joined the CIVIL AVIATION AUTHORITY as group director finance and management services. He joins from DataTech, a subsidiary of Thorn EMI, where he was finance director.

Mr Clive Chapman has been appointed group finance director of ITL INFORMATION TECHNOLOGY. He joins from F&O, where he was group financial controller.

AIRTOURS has appointed Mr Harry Coe as finance director.

Mr David Fraser and Mr Tony Bndd have been appointed associate directors of EUROPL responsible for the Manchester office. They were main shareholders and directors of INDAB Management Services which was acquired by Eurofl on June 1.

UNITED TRANSPORT CONTRACT SERVICES, a BET company, has appointed Mr Peter Davies as commercial director, with responsibility for sales and marketing. He has been with the group for over 25 years.

Senior post at TSB

TSB GROUP has appointed Mr Healey & Baker Financial Services. Mr Bourke is managing director of TSB Commercial Holdings. He succeeds Mr Don McCrickard who was recently appointed chief executive - banking. Mr Bourke is managing director of United Dominions Trust, a post he will retain. He also succeeds Mr McCrickard as chairman of Swan National, and remains chairman of Udt Bank.

Mr Peter Carter-Ruck has been appointed a director of KWILSERVE. He is a senior partner of Peter Carter-Ruck and Partners.

Mr David Gordon and Mr Stuart Tarrant have been appointed directors of the TARGET GROUP, a subsidiary of the TSB Group. Mr Gordon is group managing director of The Economist and Mr Tarrant is a director of Kingsgrange.

At BARONSMEAD ASSOCIATES Mr Paul Borrett, formerly head of the worldwide corporate division of Barclays Bank, has become chairman. Mr Dick Hornell, formerly managing director at Philips Business Systems, has been made an executive director.

Mr Peter C. Jones has been appointed company secretary of HSS HIRE GROUP, the hire service company of John Mowlem and Co. He joins from Otis Elevator where he was company secretary.

Mr Peter Easby has joined HEALEY & BAKER as one of its managing partners. He has also been appointed to the board of

London hotel refurbishment

SIR ROBERT McALPINE & SONS has been awarded a \$4.6m contract by Crest Hotels for the extensive refurbishment of the Bloomsbury Crest Hotel, London. The contract covers refurbishment of the ground and first floor restaurant, provision of a restaurant, bar and foyer and construction of an additional floor of bedrooms at roof level. A tower crane has been installed in the centre of the hotel and the floors and basement of the five-storey strengthened to take the additional loading. The hotel will remain operational throughout. Work will include installation of a lift, and a marble-clad frontage with canopy.

ALLEN-FOX CONSTRUCTION, design and build division of Wigan-based Allen Group has won orders worth \$6m for contracts in the North West and Wales. These include developments at The Kings School, Chester, value \$1.4m; factory units at Skypark, Speke, value \$1.2m for English Estates; industrial development at Swansea, value \$1.2m for Enterprise Zone Developments; warehouse extensions at Whitefield, value \$700,000 for James Halstead; and an office development at Salford Quays for an associate company, Allen Commercial Developments.

MOWLEM MANAGEMENT has been awarded a \$2m contract by Clifford Barnett Group for the construction of Bubbies Leisure Centre at Morecambe, Lancashire. This is the third leisure centre that the company is involved with in the North of England. The others are Bolton and Ponds Forge, Sheffield. The pool will be built on the promenade in Morecambe Leisure Park made in Morecambe Leisure Park to complement facilities which already include an open air pool, play areas and water flumes. Construction has started with completion scheduled for April 1989. The \$33m Ponds Forge Management, is one of the major facilities being provided for the 1991 World Student Games in Sheffield. It will contain the first 50 metre competition pool to be international diving pool to be built in Great Britain for many years.

R.J. MAXWELL & SON, Coleraine, Northern Ireland, has been awarded three contracts totalling \$6m. The first phase of the dual-lane (A166) (A166) (Ballymena) trunk road for the Department of the Environment comprises construction of a carriageway and resurfacing for 4.5 km starting at Dunsilly roundabout on the M2, for completion by the end of 1988. Two contracts for resurfacing of airfield runways at RAF Valley/Mona in North Wales and at RAF Abingdon, Oxfordshire, have been awarded by the Property Services Agency.

JOHN E. WILTSHIER GROUP has secured orders worth more than \$19m. The largest is a \$6m building contract for a large pharmaceutical company, in Gillingham, the company has won two contracts. Grosvenor Development has awarded a \$3.7m contract to build six high-technology office units in the Gillingham Business Park. In Pier Road, the company is building a \$1.5m head office for Akzo Chemicals. A \$3.7m contract has been placed by the Property Services Agency to construct junior ranks single living accommodation building at RAF Manston, in Canterbury. The company has signed a \$3.2m contract with Ford dealer Invicta Motors, to construct a sales and service complex. Work has started on the 90-week contract. Wiltshier is building a \$2m bowling centre in Bexleyheath for Carter Commercial Developments, and has been awarded a further \$580,000 contract to fit out the superbowl for its occupiers, First Leisure Corporation.

British Gas pipeline

ALFRED McALPINE CONSTRUCTION has been awarded six contracts totalling more than \$6m. A contract from British Gas is for construction of 24 km of 600mm diameter welded steel pipeline between Barrington, near Limerick, Somerset and Colleigh, near Honiton, Devon, valued at more than \$3m. Further contracts include refurbishment of a services bridge, for British Nuclear Fuels, at Sellafield, (\$1.1m); and a single-storey leisure centre with basement, including swimming pool, steel-framed roof, and brick Hotel for Embassy Hotels, at Chester, (\$233,000).

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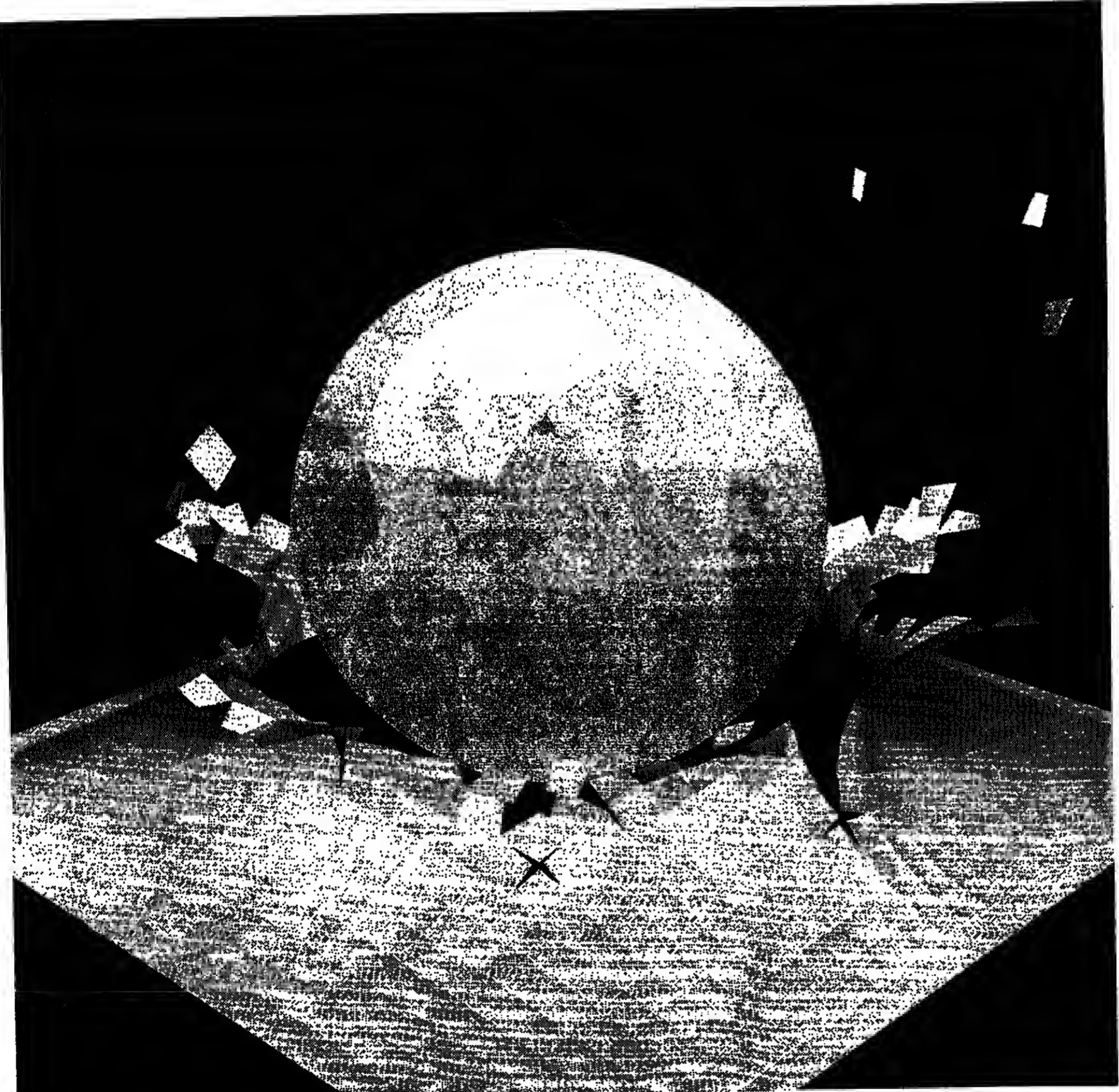
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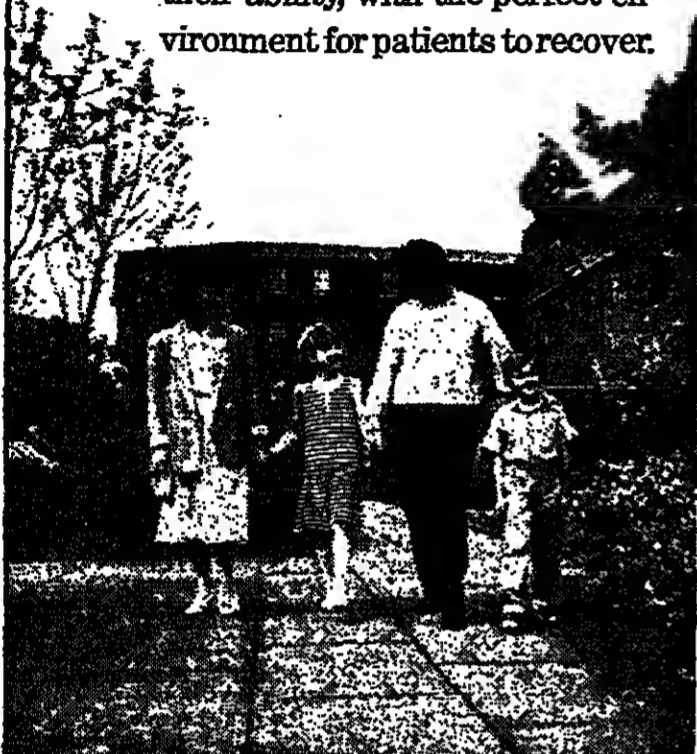
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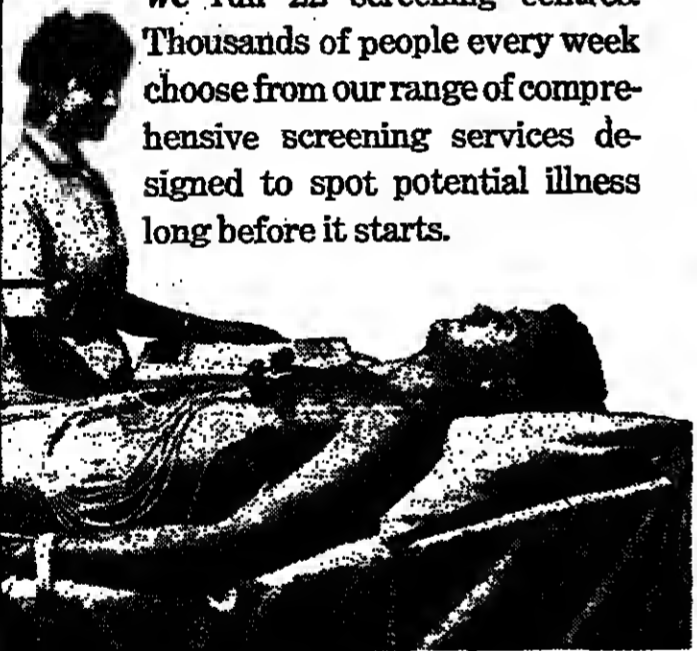
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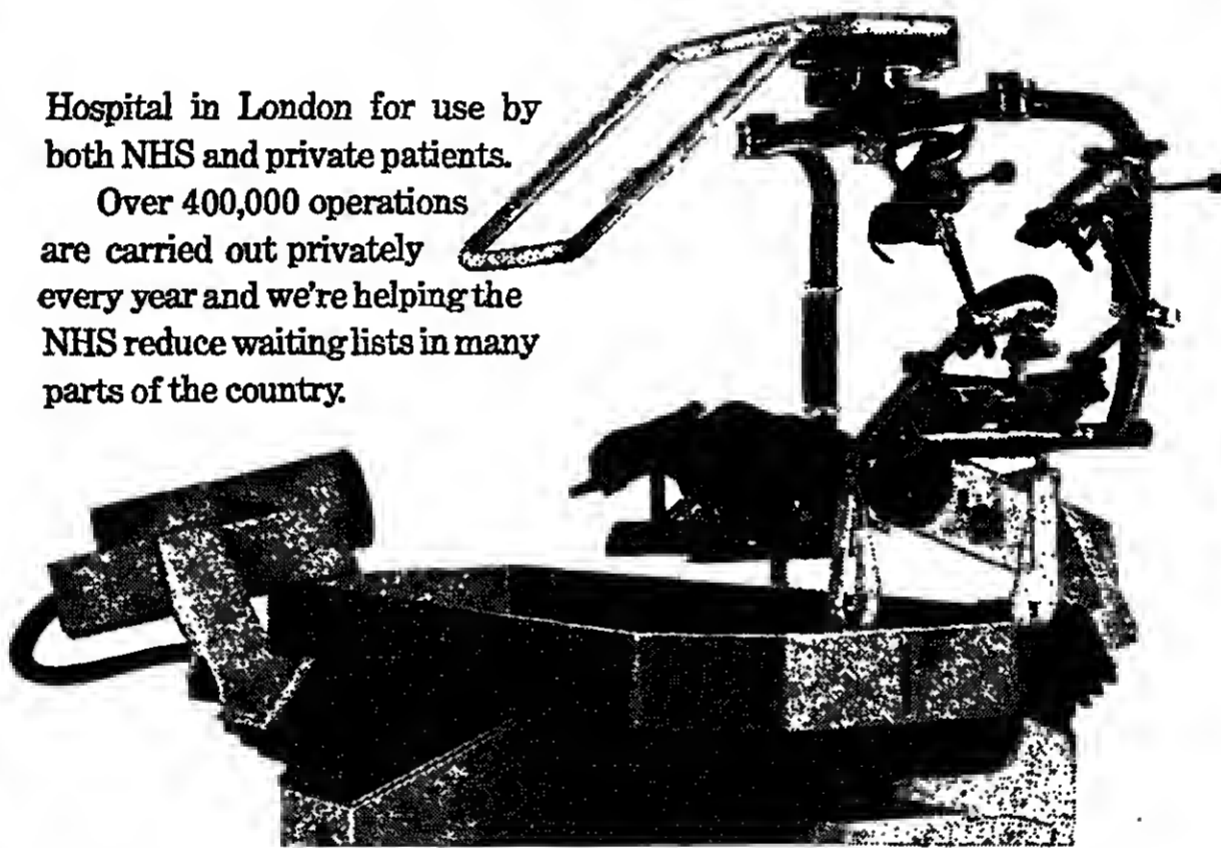
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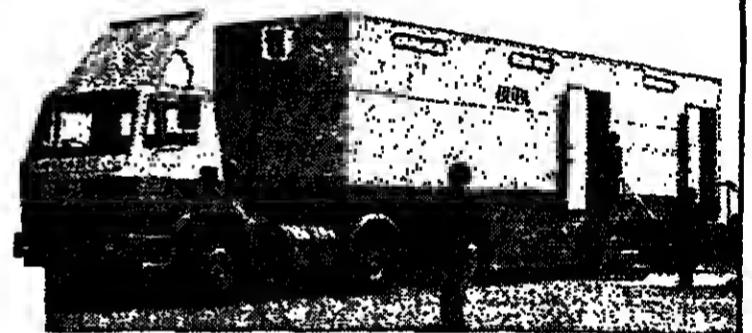
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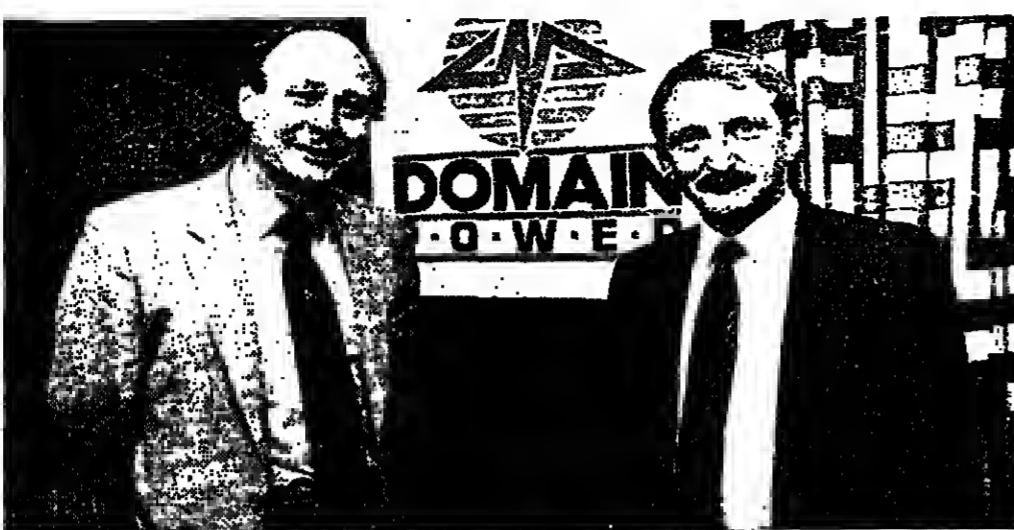
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MANAGEMENT: Small Business

A NEW SCOTTISH electronics company getting under way in Greenock on the Lower Clyde is the first fruit of an initiative by the Scottish Development Agency...



Alastair Macpherson and Martin Gregson: a partnership in an indigenous supplier

Filling a supply gap in Silicon Glen

James Buxton explains why the Scottish Development Agency promoted the creation of an electronics component maker

No one involved in it - including its managing director and part owner Martin Gregson, who took the post after an elaborate selection procedure - believes it could have got under way without the SDA's help...

company that would manufacture power supply equipment. About 150 people replied, "some of them prepared to invest about £100,000," according to McLaren. Twenty-five were interviewed.

October stock exchange crash and the well publicised rescue of a Scottish electronics start-up company named Integrated Power Semiconductors which, despite its name, made a completely different product.

When Barclays Bank was approached to be the company's banker it proposed leasing arrangements through Barclays Mercantile Business Finance which obviated the need for further venture capital.

Gregson says that inquiries received so far have exceeded expectations by a factor of three. He believes the company could get 5 per cent of the expanding UK market by the end of the fifth year, implying turnover of £10m to £12m.

Capital gains

Changing the ground rules

Richard Waters explains why income can look better than capital

THE FINANCIAL relationship between many UK small companies and their directors has been changed fundamentally by this year's Finance Bill.

Three major changes in tax law have brought this about. The first is that since April 6 capital gains have been taxed at income tax rates rather than the flat 30 per cent applied previously.

Taxed twice

The double tax problem also has a bearing on a company's assets. If these are likely to appreciate in value, they are better held by the individual than the company.

These changes are forcing company directors to consider the extent to which they should take income out of their business as opposed to accumulating capital.

As a general rule, it is now better to extract value from a company in the form of a dividend before the sale rather than sell it intact.

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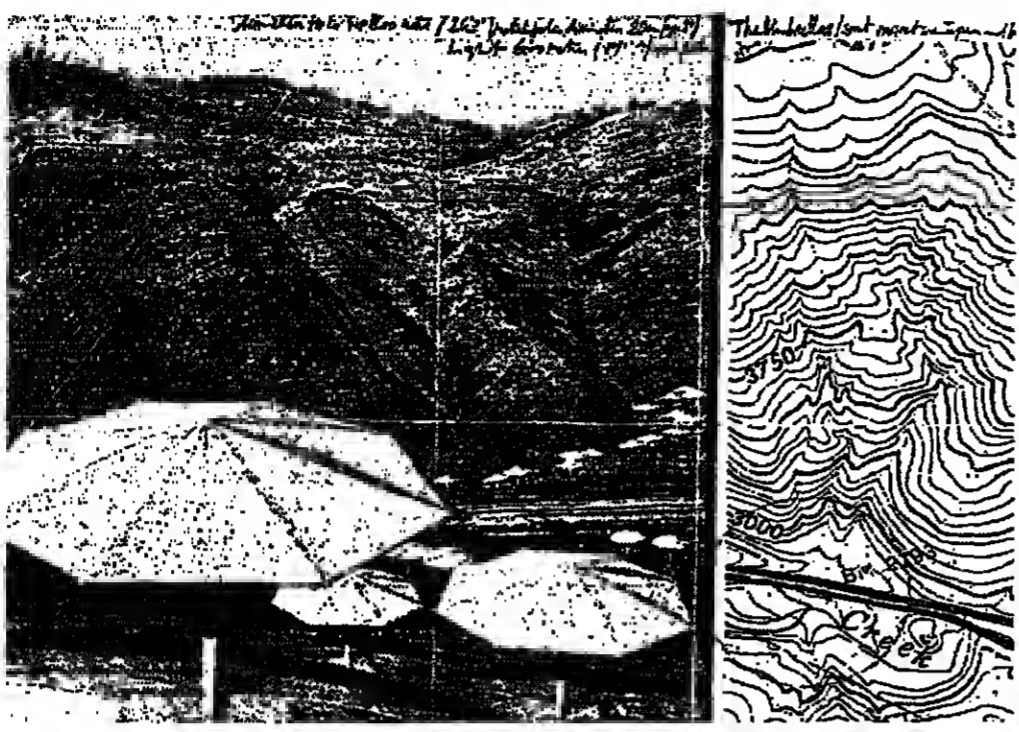
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ARTS

London Galleries/William Packer

Sunshades, stilts and Scottish landscapes

Christo, the conceptual environmental sculptor, is having his first London show for four years at Anna's Juda Fine Art...



The Umbrellas, Christo's latest project for Japan and the US

Christo's latest project for Japan and the US involves a vast, almost hubristic scale, both material and financial...

He has always used the opportunity of gallery exhibitions to publish the scheme of the moment. We are invited into the gallery not so much to consider his works as art...

The project is less interesting than the drawings. Leaving aside all else that is going on, and the way they are made...

here is between what is fair and unfair to lay at the artist's own door.

The artist, any artist, is entirely free to take his subject where he finds it. That is no hierarchy of serious purpose...

David Remry, now showing at the Mercury Gallery (Cork Street) until June 25 is a painter who for too long has remained beyond the critical pale...

It is always the use by which a legitimate facility is opposed to a trick or sleight of hand - is stretched and tested that makes it interesting and ultimately creative...

intuitive absorption and forgetfulness: the artist must lose himself in his work. In coming by chance upon a quite extraordinary incident, so rich in visual stimulus...

He uses all the conventional media of the painter, but water-colour is his great strength and these new large water-colours are tours de force by any measure.

ever qualities of surface are achieved in the process, rather than contrived, that gives this work a considerable and altogether new authority.

Peter Coker at Gallery 10 (Grosvenor Street W1; until June 30) is developing into one of the most distinguished landscape painters of his generation.

This small show is of Scottish landscapes, the artist trust lose himself in his work. In coming by chance upon a quite extraordinary incident...

The Electrification/Glyndebourne

David Murray

Commissioned by the BBC and sponsored by Vincent Meyer, The Electrification (after a Pasternak story) is the work of Nigel Osborne...

Pasternak's almost plotless tale, with his alter ego protagonist suspended between the coming Revolution and private temptations...

The piece is thoroughly interesting, manifestly heartfelt and yet willfully elusive in effect. As colleagues on this page have seen in the saleroom, yesterday suspecting a fracture...

actively involved in the project so early that his production - even with his latest departures from the published text - can't really be peeled off from the opera itself.



Elizabeth Laurence as Anna

The Electrification is quite literally a "poetic opera" ideally and

very seriously, we should hear almost every word - but even in the little Glyndebourne house we can't. The sonority of Osborne's orchestration, often plangent and beautiful, swallows up many a line...

Atlanta Symphony/Festival Hall

David Murray

The Atlanta Symphony and their 200-strong volunteer Chorus are over here in force, and on Saturday they displayed their Stravinsky and Beethoven under the steady hand of Robert Shaw.

Both of the chosen works got straight, solid readings. Stravinsky's Symphony of Psalms in full cry - a big, exhilarating sound, and sharply articulate.

Through the symphony Shaw's sage nod to each salient juncture was not always rewarded by a full-hearted orchestral response.

A great carry on about the Phantom and the Plow

The Broadway season, with only eight new plays and a dozen new musicals in twelve months, is more about what it was not, than what it was.

Burn This, L. Scott Caldwell as the mater familias in August Wilson's Joe Turner's Come and Gone, and Ron Silver for best actor in David Mamet's Speed the Plow.

Though the awards are voted for by hundreds of reviewers, producers and other first-nighters, they look almost as though a small group had decided on a course of self-preservation...

and slick staging. They seemed to compete for the least attractive protagonist award. The winner, Carrie, promptly closed after only five performances and 16 previews.

Chess is still running at the Imperial, having garnered two Tony nominations for acting, even though the field was so narrow that three other musicals won ten nominations each.

Walk in the Woods, Lee Blessing's March plays about a caddy Soviet arms negotiator at five that an American is an idea that shocks Americans only once.

Suk is one of the finest violinists in the world. To devote the affirmation is unnecessary, but at Friday's recital one became conscious of a certain "image problem" that keeps the violin following hordes from flocking to his recitals.

Scots pianist, and the meeting of minds and sympathies proved remarkably lively and fresh. One would expect the Czech violinist to "speak" the violin line of the late Janacek Sonata with all the dramatic and lyrical intensity...

The Tony awards were spread with largesse on Sunday night, as if to disguise the failure of this year's Broadway season as a whole

Phantom ultimately walked off with seven awards, including best costumes and scenic design for Mark Eischmann, best lighting for Andrew Bragg...

no awards, while Carrie, shying away from competition with Phantom of the Opera opened too late for eligibility this season.

know anything about the American musical.

was Philip Casnoff whose character Freddie, the spoiled American chess grandmaster, had no redeeming features.

Richard Nelson, well known on both sides of the Atlantic as a playwright and dramatist, is a fascinating dramatic chronicler of East/West relations...

For those discerning enough to be there, Friday's concert was a rare and rewarding occasion. The violinist has a new recital partner in Susan Tomes, the young

and wholly unimpressive. There were no histrionics, no show-off displays of bow-arm skills, yet it was surely not only the violin students in the audience who marvelled at Suk's technical authority - a quality inextricable from his musicianship.

Arts Guide

June 3-9

Traveling on Business? Enjoy reading your complimentary copy of the Financial Times when you're staying... FINANCIAL TIMES Europe's Business Newspaper

Opera and ballet LONDON Royal Opera (Covent Garden), English National Opera (Coliseum), British National Opera (Globe Theatre), New York City Ballet (New York State Theatre), Washington Royal Danish Ballet (Kennedy Center), West Germany Berlin Deutsche Oper (Fidelio), Paris Thais (Opéra Comique)

NETHERLANDS Amsterdam, Muziektheater, The Netherlands Opera with the Dutch premiere of the Holland Festival Orchestra, with James Maddalena as Richard Nixon, Carolina Page as Pat, Sanford Sylvan as Mao Tse-tung (The Yeh) (265 455), Amsterdam, Tropeninstuut, Music and dance from Papua New Guinea (The West) (Mauritshuis 63, tel 568 8500), The Hague, Danstheater, The Netherlands Dance Theater with the Dutch premiere of Jiri Kylián's Kaguya-hime, a Japanese fairy tale set to music by Makoto Miyoshi and performed by the Dutch Circle Ensemble and members of Japan's Koto Ensemble (1400 to 1410) (50 49 30)

Saleroom/Susan Moore Enthusiasm for ceramics So great is the current demand for the very best that when works of art of the highest quality - or rarity - come on to the market all estimates may as well be forgotten.

Poussin saved for the nation Yesterday, the National Gallery announced the acquisition of Poussin's 'The Finding of Moses,' saved for the nation by an unprecedented joint-ownership arrangement. Both the National Gallery and the National Museum of Wales declared an interest in securing the canvas.

Voting rights are still restricted

From Mr Trevor Russell. Sir, The Government's intention to ease restrictions on the voting rights of British citizens living overseas by extending the present cut-off period beyond five years is welcome, of course. But why are ministers still refusing to do the obvious (and right) thing: abolish the time limit altogether?

This man's art and that man's scope

From Mr K.T. Shute. Sir, Dostoyev in fine arts has always been a competitive business. However, I did not realise how far some of our competitors were prepared to go in order to attract new customers until I read of an art gallery which appears to provide "... Supper from 10pm-3.30am. Disco and top musicians, glamorous hostesses, exciting floor shows" (FT Business Opportunities section, May 30).

Limited deficit clause introduced

From Mr J.C.V. Lang. Sir, Mr Tom Benyon doubts (Letters, June 2) that any Lloyd's of London agent would introduce voluntarily a profit commission deficit clause. We would point out that this agency voluntarily introduced a limited deficit clause after the 1988 account loss of syndicate 582.

Lords of our far flung battle line

From The Marquess of Alisbury. Sir, Perhaps it will reassure Mr Stanley Best (Letters, May 26) who worries about insufficient independence in the House of Lords, if I reveal that part of Lord Ponsonby's problem is that socialist reinforcements sent up to the front to not invariably remain within the socialist trenches.

'Like two front legs competing with two back legs in order to run faster'

From Mr A.R. Cooper. Sir, So the tablets have come down from the mountain, and a White Paper on electricity "privatisation" has been rushed through. The proposals, so far as they are concerned, would be hilarious if they were not so devastatingly disturbing and impractical.

From Mr J.W. Baker. Sir, In their report, "Coal on the March: Can British Coal Survive Privatisation?" Mr Prior and Mr McCloskey state that the Central Electricity Generating Board (CEGB) would not achieve a £750m saving from importing 30m tonnes of coal.

Letters to the Editor

Let us above all be objective

From Mr A.H. Hart. Sir, I welcome a vigorous debate about the future of the south east region of the UK if it leads to a more active Government approach to regional issues. I am a strong supporter of the Government, but I do wish it would do the whole rather than the part of spreading the development benefits.

My main disagreement with the "stop development" lobby is its assertion that current trends will lead to the unification of the whole region. In Kent we are supposed to be in danger of "building until you reach the sea". What nonsense: a look at aerial photographs shows how much of the region outside London is green. Some areas on the other side of London are more built up than others: this should be reflected in an overall regional view.

From Mr V.H. Blundell. Sir, Your editorial on the surge of house prices (May 31) does much to throw light on the causes of this vexing problem. But not quite enough...

From Mr Bruce Gifford. Sir, At last it appears that British employers are taking the problem of employee theft and fraud seriously. ("UK company fraud costs £5bn," May 31).

As we enter the second decade of a grossly distorted independent radio market void of effective competition, we have obviously failed in our objective to convince ministers of the size of the problem. The industry is set to expand four fold to about 2310m a year. This would be through the organic growth from over 260 licensed local radio operators, plus three national ones.

Government has abolished the last land tax - the rates - but not so foolish to imagine the significant effect a straightforward direct land value tax could have had on land - and thus house prices.

British Airways (BA) has sought to popularise "cabin" class, but my recent experience (not with BA) has demonstrated that the present aircraft are not designed to accommodate three classes - first, cabin and economy.

Employers are far too complacent about dishonest staff. Experience confirms my belief in the ET-ET formula (employer tolerance equals employee theft). Until employee fraud/theft/shrinkage is treated by employers and the media with equal seriousness as crime in the streets (and crime in the City) the problem will continue to grow.

looking for causes and applying remedies which make sense, not in breaking down a system which is regarded as a world leader. The principal controllable item in the price of electricity is fuel. This is currently dictated by the Government and could be altered by a stroke of the pen.

Assuming that British Coal can achieve production costs about £25 per tonne pithead by introducing flexible working practices, as suggested in the report, then the case for a massive reduction in the price of its coal is proven.

Déjà vu in radio industry development

From Mr Paul Boon. Sir, News - if correct - that the Government is now unable to allocate enough time in the next Parliamentary session for a Radio Broadcasting Bill, is more than just a little inconvenient.

As we enter the second decade of a grossly distorted independent radio market void of effective competition, we have obviously failed in our objective to convince ministers of the size of the problem. The industry is set to expand four fold to about 2310m a year.

Class warfare simplified. From Mr A. Edwin Stevens. Sir, The international air travel survey, European Data and Research Report, mentioned in your issue of May 28, states that European travellers are sceptical of the value of "first" and "business" class seats.

plemen personnel executive judgement, used in conjunction with standard examination procedures such as observation, interview, taking up of references and so on.

All these things could be done by legislation over a period, without tearing down the present structure.

What the galloping privatizers have failed to observe is the damage they are doing to the morale of people in the industry. Apart from the area board chairmen, who see wider opportunities ahead, there is hardly an employed person in the electrical world's bad joke.

John Baker, Central Electricity Generating Board, Sudbury House, 15 Neugate Street, EC1

PERHAPS the greatest surprise of last week's Moscow summit was that President Reagan turned out to have meant it when he said beforehand that, for him, human rights was the first item on the summit agenda.

In the first place, arms control, the traditional centrepiece of superpower summits, was not ripe for another major push. Contrary to what both Mr Reagan and Mr Gorbachev claimed to hope when they parted in Washington last December, the strategic arms reduction treaty is not yet ready for signature, and it would clearly not be in the US's interest for Mr Reagan to appear to be in too much of a hurry to sign it before he leaves office.

The other two headings on the US-Soviet agenda, as presented by the US, are "regional" (Third World) conflicts and bilateral issues. Undoubtedly in both these areas there has been significant progress, and a lot of the serious talking at the summit must have been devoted to them.

As for bilateral relations, that is an area where any improvement tends to be seen in America as a concession by the US, unless clearly related to an improvement in the Soviet performance on human rights. Which brings us round to the second reason why it should have been foreseen that Mr Reagan would emphasise the human rights theme, and would probably have done so even if there had been another major arms control agreement to sign as well.

The better US-Soviet relations get, the more Mr Reagan lays himself open to the accusation of having forgotten the platform on which he was elected, namely the uncompromising defence of the free world against Soviet communism coupled with the rolling back of communist tyranny.

The railways have long given up first, second and third classes and have settled for first and second. Would it not be appropriate for the airlines to offer first class at, say, about 50 per cent above the price of second class, which would then take the place of economy? A simple calculation shows that if half the passengers travel first class, the income could be greater than with the present economy class plus two superior classes.

The greatest single error of judgement in the whole business is the proposal to create Big G and Little G. (This can become the electrical world's bad joke.) The proposal to split off the grid system from the generators has nothing to recommend it. (The correspondence columns of the technical press are flooded with condemnations from people who know their business.)

I wonder if the Secretary of State is big enough, even at this late hour, to say: "Sorry, chaps, we have made a few mistakes. Let us rub things out and start again."

Andrew Cooper, 42 Howe Park Road, Howe, East Sussex



FOREIGN AFFAIRS

Tête-à-tête, toe to toe

Moscow has fulfilled all its obligations under the Helsinki Final Act. Had Mr Reagan wished to pretend otherwise he would have exposed himself to instant ridicule by people like Natan Shecharansky. Mr Shecharansky pointed out in the New York Times just before the summit that one of his former classmates is still in prison precisely for trying to monitor Soviet compliance with the Helsinki accord, while another is still serving a sentence for protesting against the banishment of Andrei Sakharov, even though Dr Sakharov himself is not only back in Moscow but accorded the facilities of the Soviet foreign ministry for a press conference.

Edward Mortimer defends President Reagan's decision to emphasise human rights at last week's summit

meeting with its leader on neutral ground, or even in welcoming him to your own house. The spectacle of "grandpa Reagan" joining the tsar of world communism for a walkabout and baby-sitting session in Red Square was foreseeable and inescapable. So was the message which that spectacle would carry. Clearly Mr Reagan was going to have to unsay, or at least decline no longer operative, his remarks about the "evil empire" - though ironically it was not a Soviet but a British journalist, Xan Smiley of the Daily Telegraph, who obliged him to do so explicitly.

That accusation was voiced in the Soviet Union under Mr Gorbachev, one can hardly yet pretend that ability" of the changes Mr Gorbachev has introduced. Certainly they have made possible a wealth of public debate and agitation undreamt of in Russia since the immediate aftermath of 1917, and it is probably true that the strongest pressure for further liberalisation now comes from within. It could be that in certain circumstances the identification of the pressure with foreign powers will now become counter-productive, providing the opponents of such pressure with a chance to appeal to Russian xenophobia.

That may apply, in particular, to the continued singling out of Jewish would-be emigrants (refuseniks) for special attention. Thanks to Western pressure it is now much easier for Jews to leave the Soviet Union than for any other Soviet nationality. The number leaving with Israeli visas (supplied by the Netherlands

embassy in Moscow) continues to rise every month - in May it was over 1,100 - while the number who actually go to Israel has now fallen to under 10 per cent.

But that is hardly a valid argument for dropping the human rights issue as a whole, and if it were Mr Reagan would hardly be the man to take it up. Meanwhile, cases where foreign pressure clearly is effective continue to multiply: the latest being the last-minute granting of visas to Israeli and British lawyers to attend the International Bar Association conference in Moscow, when the organisers made it clear they were prepared to cancel the scheduled session on human rights unless all the participants were able to attend.

There is clearly a danger that the use of Israeli visas as a transparent escape route to the West, where many other Soviet citizens would love to go if they could, will fuel the revival of Russian anti-Semitism, and it would appear that Israel and the Soviet authorities have a common interest in restricting the issue of visas to those genuinely anxious to settle in Israel - something which could no doubt be negotiated once Soviet-Israeli diplomatic relations are restored.

Within that circle as at present constituted there is obviously no consensus about how much further glasnost should go, or even whether (as Mr Ligachev keeps hinting) it has already gone too far. By contrast there is, as far as one can tell, a very broad consensus on the desirability of lowering international tension and cultivating better relations with the West, if only in order to relieve the pressure on the Soviet economy.

That being so, the need to keep the international atmosphere harmonious must provide Mr Gorbachev with one of his most powerful arguments for continuing liberalisation at home. If that is indeed what he wants to do, continued Western pressure for broader and more secure human rights must objectively be in his interest (as old-style Soviet writers would put it), however irritating he may find it on a day-to-day basis.

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money markets had been confidently anticipating for a couple of days. The decision to move rates up slowly also seems to be paying off, with the pound showing no inclination either to dash off the other way, or to force the Bank into further rises in rates at once. Even the stockmarket seems impressed, having latched onto the idea that inflation is not just bad for gilts, but somehow bad for equities too.

Perestroika's embarrassing double face

BY QUENTIN PEEL IN MOSCOW

RADIO CORRESPONDENT Vladimir Mezotsev might have expected to be a popular hero in the Soviet Union this week, singled out by Mr Mikhail Gorbachev, the Soviet leader, for special commendation. Instead, he is out of a job.

Mr Mezotsev, until very recently the correspondent for Gosteleradio, the state broadcast organisation, in the remote Far Eastern island of Sakhalin, appears to have fallen foul of the conflict and confusion which are rife in the current Soviet debate over the limits of political reform.

He attacked the local party for its undemocratic selection of delegates and Mr Tretyakov in particular for "violating social justice in obtaining accommodation for his relatives."

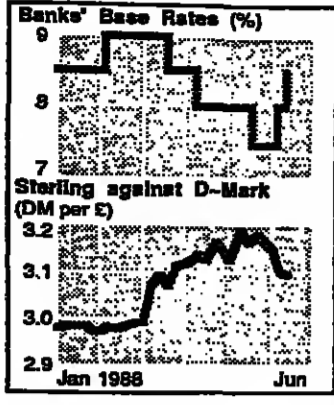
That same day he was summoned back to Moscow by Gosteleradio. He was hauled before a board meeting the next week, which resulted in his dismissal just one week before Mr Gorbachev's public endorsement - on live television - of the whole affair.

Members of the public gathered outside the Chekhov theatre and denounced the lack of decent housing, the poor food supplies and the privileged life-style of the party leadership.

"We have been standing in queues for years and still live in wooden barracks," they said.

The first details of the story were published in *Sovetskaya Rossiya*, newspaper of the Communist Party in the Russian Federation, which showed there had been a mass popular protest sparked off by a radio broadcast (There was no mention of who made it.)

As a result of the public meeting on the island, he said, a plenary of the regional party committee had found it necessary to "strengthen the party leadership



UK interest rates up for second time in a week

By Simon Holberton
in London

THE UK GOVERNMENT yesterday took advantage of sterling's weakness to raise bank base rates by half a percentage point to 8 1/2 per cent, the second rise in less than a week.

The move, which had been anticipated by financial markets, was engineered by the Bank of England yesterday morning without prompting another surge in the pound.

The Treasury sought to emphasise that yesterday's decision to raise interest rates was not an attempt to prop up the pound but was taken to tighten monetary conditions.

Sterling closed half a penny weaker against the D-Mark at DM3.0560 but marginally stronger against the dollar at \$1.8025. Financial analysts said yesterday that if sterling continued to weaken the Government might act to raise interest rates again.

UK building societies said they had no plans to increase their home lending rates for the time being, although some indicated that another rise in base rates could prompt an increase in home borrowing costs.

The rise in rates was greeted with almost universal approval by UK financial markets. Barclays led the other major clearing banks with half a percentage point rise in its base rate to 8 1/2 per cent soon after the Bank changed its dealing rates.

Share prices rose in spite of the rise in rates as investors were cheered by the prospect of a lower pound which should help the exports of UK companies.

The gilt-edged securities market also responded to the base rate rise favourably. Prices for long-dated UK government bonds continued to rise throughout the day and, at the close, they had risen 1/8 of a point to yield 9.35 per cent.

Both markets were encouraged by the rise in interest rates. UK financial markets had been uncomfortable with interest rates at very low levels because of the threat they were seen to pose for inflation.

Yesterday's increase in base rates followed a half point rise to 8 per cent last Thursday. Both rises followed consultation between the Bank of England and the Treasury and with the full knowledge of the Prime Minister.

It is understood that yesterday's decision was taken after a review of market conditions in the morning. This would have shown that the foreign exchange market had failed to re-establish its past holdings of sterling despite the high rates of interest prevailing in the short-term money markets.

Both the Bank and the Treasury were pleased that yesterday's rise failed to reignite the foreign exchange market's interest in the pound.

City analysts cautioned, however, that there could be a delayed reaction to the rate rise and that sterling could gain strength in the coming days.

The Treasury said it did not expect the pound to rise sharply although it added that foreign exchange markets were unpredictable. The currency's performance over the past two business days showed that sterling had found a new level.

The Treasury said it was more comfortable with a situation where UK interest rates were higher and the pound's value against Britain's trading partners lower.

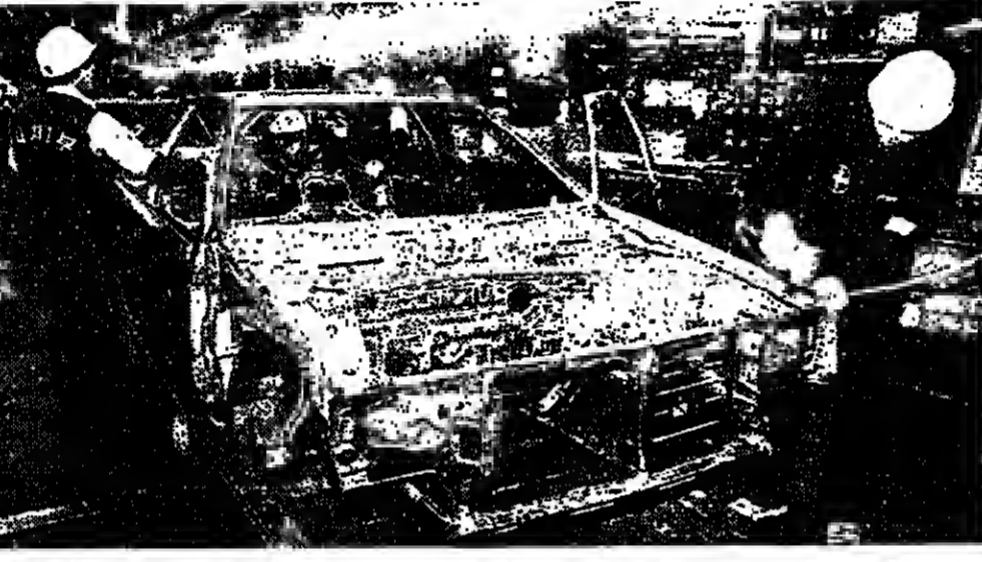
One of South Korea's largest groups finds itself out of favour, writes Maggie Ford

Hyundai tarnishes its image

BY ANY standards it has been a bad week for Hyundai, South Korea's second-largest diversified business group, known abroad mainly for its motor cars.

Strikes had broken out at many of its larger plants by the weekend; two senior executives were in jail charged with kidnapping a union organiser and a third was under investigation.

Amid public scorn and derision at its behaviour, the company had acquired the dubious distinction of being the first in South Korea where the management felt the need to form its own trade union.



Workers on Hyundai's car production line, which has been shut down indefinitely following a series of strikes

The company's plight, regarded by most people as self-inflicted, follows its hard-line approach to staff. It is still controlled by Mr Chung Ju Yung, its entrepreneurial founder and honorary chairman, who officially retired last year. The company has resisted attempts by workers to unionise and has adopted an authoritarian style of management even towards its white collar staff.

Earlier this year the senior staff at one subsidiary, Hyundai Engineering and Construction, had had enough. Managers at this company have a particularly difficult life, being posted for periods as long as two years to construction sites in the Middle East, with very long hours in bad conditions; no home leave or family visits; not very high salaries and a similarly disgruntled workforce to supervise.

Following last year's nationwide strikes by workers which resulted in a less repressive political climate, they decided to form a union to press for better conditions. A senior management task force, formed to persuade the staff not to go ahead, appears to have been successful in persuading nine out of the 10 union organisers to give up the idea.

The tenth manager, Mr Soh Chong UI, resisted, however, and

in April he disappeared after having drinks in a bar with company officials. Reappearing after about a week, he claimed to have been kidnapped by hoodlums hired by the company in an attempt to make him change his mind. The company claimed that Mr Soh had engineered his own disappearance in a plot to gain support and put blame on Hyundai.

After an increasingly bizarre and long-running police investigation, two senior managers were charged last week with instigating the kidnapping. The chairman of Hyundai Engineering and Construction is under investigation for illegal labour practices, including possible involvement in threatening and kidnapping Mr Soh.

If this were not enough, Hyundai last week saw an outbreak of strikes at Hyundai Motor, where the plant has now been closed indefinitely, and at Hyundai Pre-

cision, the defence contractor, where tempers were becoming heated at the weekend following a decision to close the plant.

Workers had earlier requested the chairman of the company, Mr Chung Ju Yung, to stay at the table and negotiate until a settlement was reached. After the negotiators' departure last Wednesday, reports that a settlement was imminent turned out to be inaccurate. Accusing the company of insincerity, workers held a rally on Saturday at the nearby town hall.

Negotiators at both subsidiaries are far apart, with workers' claims of a pay rise of Won130,000 (\$177) per month being countered by an offer of Won62,000 at Hyundai Precision and Won78,000 at Hyundai Motor. Both were rejected.

A difficult series of talks with workers was expected at Hyundai, which along with Daewoo,

the conglomerate that suffered a wave of strikes in April, has historically taken a very hard line.

The kidnapping of the management union's organiser and the subsequent cover-up have, however, stirred public outrage and ridicule.

Korean businessmen, aware that Hyundai is perhaps the best-known company abroad, have expressed astonishment that it would engage in activities that they regard as childish, not to mention unethical.

It is difficult to see how the company can extricate itself from the mess without making a clean breast of it and offering an apology. Government policy is not to intervene in union disputes and to urge both sides to negotiate.

Now that the police are involved and public indignation is so strong, however, the company may finally have to change its ways.

IBM to transfer more jobs

Continued from Page 1

continuing improvements in customer relations, product quality and service, predicting a dramatic improvement in the performance of the group's computers. Mr Akers left little doubt that he regards the launch of a new mid-ranging machine later this month as a crucial element in this recovery.

Commenting on the present world shortage of memory chips, which has handicapped virtually every major computer manufacturer in recent months, he said that IBM had a competitive advantage over many of its rivals because of its own internal supplies. He blamed the shortage on lack of investment among semiconductor manufacturers and fabrication plants with the new generation of very high capacity chips, claiming that the US-Japan anti-dumping trade agreement had contributed little to the problem.

Mexico seeks debt guarantee in Japan

BY IAN RODGER IN TOKYO AND STEPHEN FIDLER IN LONDON

MEXICO is negotiating for unprecedented Japanese government guarantees for bonds which would be used to reduce its \$103bn foreign debt burden. The Mexicans want the Japanese to be ready to guarantee the interest payment on the bonds, which Mexico would then swap with creditor banks in return for some outstanding loans. The aim is to capture the discount to par value at which the loans are valued in an informal secondary market for bank loans to the Third World.

The Japanese Ministry of Foreign Affairs said yesterday that great efforts were being made to help Mexico deal with its debt burden. According to one report, however, the Japanese Ministry of Finance was less enthusiastic about the idea, preferring to see other governments join in. The Finance Ministry was also said to be concerned about setting a precedent for other large debtor countries.

French parties in pact moves

Continued from Page 1

by "calling" for the withdrawal of Socialist candidates in favour of Communists where the Communists came ahead in the ballot, "according to rules of reciprocity."

In Marseille, a member of the National Front claimed (anonymously) that negotiations for a voting pact were well under way with Mr Charles Pasqua, a senior campaign manager for the neo-Gaullist RPR party and Interior Minister in the previous government. Mr Pasqua denied that he had been in contact with the National Front although he indicated ambiguously that Mr Jean-Claude Gaudin, the centre-right candidate, was "responsible for the conduct of the election in the Marseille region."

Although the National Front vote was only 9.6 per cent the party has 30 candidates who score well enough on Sunday to be entitled to go on to the second round.

World Weather

City	Temp	Wind	Cloud	Humid
London	14	10	5	75
Paris	15	12	4	78
Madrid	22	15	3	65
Rome	21	14	3	68
Berlin	13	8	4	72
Amsterdam	12	10	6	75
Brussels	13	11	5	76
Frankfurt	14	9	4	74
Geneva	15	10	5	76
Zurich	16	11	4	77
Vienna	17	12	3	78
Budapest	18	13	2	79
Warsaw	16	11	4	76
Moscow	14	10	5	74
Stockholm	15	12	4	75
Helsinki	16	13	3	76
Tokyo	22	15	3	65
Osaka	23	16	2	66
Kobe	24	17	1	67
Manila	28	20	2	68
Cebu	29	21	1	69
Seoul	25	18	2	70
Beijing	26	19	1	71
Shanghai	27	20	1	72
Hong Kong	28	21	1	73
Taipei	29	22	1	74
Kuala Lumpur	30	23	1	75
Singapore	31	24	1	76
Perth	26	18	2	77
Melbourne	24	16	3	78
Brisbane	25	17	2	79
Auckland	16	10	4	80
Wellington	15	9	5	81
Christchurch	14	8	6	82
Dunedin	13	7	7	83
Wellington	12	6	8	84
Christchurch	11	5	9	85
Dunedin	10	4	10	86

US bailout totals \$1.3bn

Continued from Page 1

over \$40m in damages.

In purely statistical terms, the cost of paying off depositors at the two California institutions was dwarfed by last month's announcement of a \$2bn injection of PSLIC funds into the merger of four insolvent savings and loan institutions in Texas. That deal, in turn, was smaller than the \$1.5bn rescue earlier this year of First Republic Bank in Dallas, which was financed not by PSLIC but by the better-capitalised Federal Deposit Insurance Corporation, which backs the US commercial banking system.

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MORGAN GRENFELL

UK economy continues to grow but at slightly slower rate

BY RALPH ATKINS
THE BRITISH ECONOMY

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THE TRENCH CONNECTION
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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Tuesday June 7 1988

IVECO
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TRUCK
 BRITAIN'S INTERNATIONAL TRUCK MANUFACTURER

UK SUGAR REFINER RECOUPS NEARLY HALF OF ACQUISITION COST

Tate & Lyle sells Staley food subsidiary for \$700m

BY CLAY HARRIS IN LONDON AND RODERICK ORAM IN NEW YORK

TATE & LYLE, the UK sugar refiner, is to recoup nearly half of the \$1.48bn it spent to buy Staley Continental, the US corn syrup group, by selling Staley's food services business for \$700m to Sysco, the largest US food distributor.

The disposal was announced yesterday, even before the official completion of Tate's own acquisition which is due later today. The addition of CFS Continental, the second largest US food services group, will increase Sysco's national market share to an estimated 8 to 9 per cent.

The sale price, considerably more than Tate's conservative estimate of more than \$500m made during the takeover battle, was broadly in line with analysts' estimates.

The rapid agreement with Sysco enabled Tate to abort a planned auction by Morgan Stanley, the US investment bank.

"We told them what we wanted, and they said 'you're on,'" Mr Neil Shaw, Tate chairman, said yesterday in Decatur, the small Illinois town to which Tate plans shortly to return Staley's headquarters after three years in suburban Chicago.

The disposal will markedly improve the financial benefits of the takeover for Tate, which today will activate the second tranche of its partly paid £208m (\$375m) rights issue of convertible preference shares. In London, Tate shares closed 20p higher at 79 1/2p.

The acquisition by Houston-based Sysco will increase its annual revenues by more than 50 per cent to about \$6.5bn and reinforce its leading position in food distribution to restaurants, hotels and institutions. It will also strengthen Sysco's presence in California and the Midwest.

One of CFS's main lines of business is distribution to fast-food restaurants. The McDonald's hamburger chain currently accounts for 16 per cent of its turnover.

Staley acquired CFS in 1984 for more than \$350m, although the exact price was not disclosed at the time. Tate declared from the outset its intention to sell CFS in order to return Staley to its more profitable core business of sweeteners.

CFS's revenues of \$1.27bn accounted for 75 per cent of Staley's turnover in the six months to March 31, but its operating earnings of \$17.9m were only 35 per cent of the total.

In the year to June 1987, Sysco achieved a margin on sales of 3.7 per cent, nearly double the 2 per cent reported by CFS in its most recent complete financial year.

Lex, Page 24

KIO seeks 10% stake in Canadian paper group

By Robert Gibbons in Montreal

THE KUWAIT Investment Office, one of the world's largest investors, is offering almost \$300m (US\$163m) for a 10.3 per cent equity interest in Consolidated-Bathurst, the big pulp and paper and packaging group 40 per cent controlled by Mr Paul Desmarais, the Montreal financier, through his Power Corporation of Canada.

Consolidated-Bathurst owns the Bridgewater newsprint mill near Liverpool and has joint venture projects for pulp and paper mills in both China and the Soviet Union.

KIO is offering C\$19 a share for 10.6m common shares for Consolidated-Bathurst, with Gordon Capital Corporation as dealer manager for the offer. The price is about 83 a share above last week's market level.

Consolidated-Bathurst has two classes of common shares, the only difference being that one pays dividends in stock and the other in cash.

Generally speaking, Canadian pulp and paper stocks are considered undervalued, mainly because of the threat of an economic slowdown after the American election.

Power Corporation will not tender any of its Consolidated-Bathurst stock under the KIO offer. KIO plans to enter a voting trust agreement with Power for a minimum five years. Both will put their Consolidated-Bathurst shares into a nominee company.

KIO will elect two nominees to the Consolidated-Bathurst board. Power has the right of first refusal on KIO's Consolidated-Bathurst stock after five years.

By midday on the Toronto Stock Exchange, Class A shares of Consolidated-Bathurst were up C\$3 1/2 at C\$16 1/2, adding to last week's C\$1 1/2 gain.

Red Rose romance sealed for £13m

BY PHILIP COGGAN IN LONDON

MR OWEN Oyston presented Mr Eric Morley with a Red Rose yesterday; Mr Morley gave Mr Oyston Miss World. The corporate romance will be sealed, not with a ring, but more prosaically with shares worth £13.6m (\$24.4m).

An agreed merger between Mr Oyston's Red Rose commercial radio company and Mr Morley's Miss World beauty contest group seems, on the surface, to present an unlikely case for corporate synergy: a beauty parade is hardly the most natural radio subject.

But like many a young couple in the early stages of togetherness, Messrs Oyston and Morley were yesterday excited about their future.

"We hit it off immediately," said Mr Morley, who will remain chairman of the enlarged company. "We established a great rapport," said Mr Oyston, who will be chief executive.

Mr Oyston said the potential benefits of a link-up were substantial. "Both companies operate in the world of entertainment and both are heavily involved in sponsorship."

If the merger is approved by shareholders and the Independent Broadcasting Association, the radio and television watchdog, the enlarged group will move from the Unlisted Securities Market to the main stock market and change its name.

The vital statistics of the deal are that Miss World is offering three of its shares for every eight in Red Rose. Full acceptance of the offer will involve the issue of 4.33m Miss World shares, which were yesterday suspended at 310p. Red Rose directors will end up with

30 per cent of the new group.

To describe the principals in official Miss World jargon, Mr Oyston is 54, has a goatee beard, collar-length locks and wants to build a substantial leisure group. Mr Eric Morley is 59, has Brylcreemed dark hair, and has already fulfilled Mr Oyston's ambition - he was chairman of Mecca Entertainment until 1978.

Yesterday, the company, which is traded on a matched bargain basis, forecast after-tax profits of £900,000 for the year to September.

Macmillan independence tested by improved \$2bn Bass attack

BY RODERICK ORAM IN NEW YORK

WITH WALL Street expecting further rounds in Macmillan's fight to remain independent, shares of the US publisher rose yesterday above the revised takeover offer from Mr Robert Bass, the Texas investor.

The New York-based company, one of the last big independents, said it would consider later this week Mr Bass's \$73-a-share, \$2bn offer made at the weekend. Macmillan's shares gained \$2 to \$73 1/2 by early afternoon.

Mr Bass offered alternatively to restructure Macmillan along the lines proposed by his management last week. His group of investors would pay a special cash dividend, however, of \$58 a share against \$52.35 under the

company's plan.

Their main condition is that they be allowed to buy shares in the restructured group on the same favourable terms as its management.

Macmillan proposed splitting itself into two publicly traded companies, Macmillan Publishing and Macmillan Information, Management and employees would own 36 per cent of the former and management about 29 per cent of the latter. Mr Bass's group offered to pay cash for shares equal to the same stakes.

Macmillan has yet to unveil full details but it appears that Mr Edward Evans, chairman, Mr William Reilly, president, and two other senior officers would

receive large blocks of Macmillan information shares in exchange for surrendering stock options and unrealised stock profits in the existing company.

Analysts have found it hard to value Macmillan's restructuring plan because, in addition to the cash dividend, shareholders would receive stock in the new information company and retain their old Macmillan shares. The company said it was superior to Mr Bass's original offer last month of \$64 a share while analysts' estimates run as high as \$75.

Sold piecemeal, however, the group may be worth closer to \$80 a share.

Amax plans poison pill bid defence

By Kenneth Gooding in London

AMAX, the US natural resources group which last year made its first profit since 1981, has adopted a "poison pill" scheme to help ward off unwanted bids.

The company will implement a stock purchase rights plan which will be triggered only after a third party acquires 30 per cent or more of Amax or announces a tender or exchange offer to acquire 30 per cent.

Mr Allen Born, president, said the adoption of the plan was consistent with actions "taken by many other leading US corporations". It is not in response to any effort to acquire control of Amax.

"Rather the plan was adopted in order to ensure that the board would be able to proceed in the best interests of Amax and its shareholders if an unsolicited acquisition is attempted in which shareholders would not realise fair value for their shares."

Among other things each Amax share will carry the right for the holder to buy one-half of an Amax share for \$35 compared with the recent price of about \$20 a share.

Kluge backing for \$1bn fund

BY JAMES BUCHAN IN NEW YORK

MR JOHN WERNER KLUGE, the 74-year-old German immigrant local Wall Street borrowing who is thought to be America's second richest man, is backing a crowded new \$1bn fund to invest in the field competing for the risky but fashionable Wall Street business of helping companies private in managements buy their leveraged buyouts.

Mr Kluge, who made his vast fortune largely through taking his Metromedia broadcasting Montgomery Ward, AFG and empire private in 1984 and liquidating Stop & Shop have gone private dating most of its assets, will be going deeply into debt to buy one of three general partners who will run the new firm, which is called Kluge Subotnick Perkowski.

The other two are Mr Stuart done. What amazes me is that Subotnick, his associate at Metro-media, and Mr John Perkowski, He said the firm would get who until yesterday was head of investment banking at PaineWebber, the Wall Street broker.

The new fund, which on Tuesday will activate the second tranche of its partly paid £208m (\$375m) rights issue of convertible preference shares. In London, Tate shares closed 20p higher at 79 1/2p.

The acquisition by Houston-based Sysco will increase its annual revenues by more than 50 per cent to about \$6.5bn and reinforce its leading position in food distribution to restaurants, hotels and institutions. It will also strengthen Sysco's presence in California and the Midwest.

There has been months of eager speculation on Wall Street about what Mr Kluge, who bought his first radio station in 1946, would do with the spectacular profits from the sale of Metromedia's radio and television stations and other communications businesses.

Mr Kluge and his friends paid \$1.6bn to buy out other shareholders in 1984 and realised \$3bn after taxes from the liquidation.

Mr Kluge, who is thought to be the richest American after Mr Sam Walton of Wal-Mart Stores, recently assumed control of Orion Pictures, the Hollywood studio, and bought the Ponderosa steakhouse group.

Together with Mr Subotnick, he is putting \$100m into the fund with the remainder coming from institutional investors.

Repsol pays \$276m for stake in N Sea

BY PETER BRUCE IN MADRID

REPSOL, the state-owned Spanish oil conglomerate due to be part-privatised early next year, has agreed to pay \$276m for half of Texas Eastern's 30 per cent stake in the big Beryl field in the North Sea.

The deal represents the biggest purchase of a single North Sea asset this decade.

Analysts in London said the deal was priced in a similar range to other recent asset sales in the area, although it was off the top of the market.

Repsol is acquiring 39m barrels of proved oil reserves in Beryl and 100m cubic feet of gas.

There is also a substantial possibility of upgrading as the field

is re-evaluated.

Officials at Repsol refused to comment on the details of the deal yesterday.

Independent analysts suggested that Texas Eastern's other partners in the field may not yet have decided to forfeit their options on the 10 per cent stake which is up for sale.

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Samuel Montagu (Suisse) S.A.
United Overseas Bank

INTERNATIONAL COMPANIES AND FINANCE

Bond denies collusion over purchase of Bell stakes

BY CHRIS SHERWELL IN SYDNEY

MR ALAN BOND'S Bond Corporation and the Western Australian State Government Insurance Commission (SGIC) yesterday reiterated that they had not colluded last April when they purchased separate 19.9 per cent stakes in Mr Robert Holmes & Court's Bell Group.

Earnings double at Israel Corporation

By Andrew Whitely in Jerusalem

THE ISRAEL Corporation, the investment holding company controlled by Mr Shaul Eisenberg, the multi-millionaire, has reported a near doubling of profits in 1987 to Shk39.5m (\$13.2m) from Shk16.2m.

Investcorp's success is not matched by many others, writes Robin Allen

Bahrain banks see few hopes met

IN A REMARKABLY frank statement to shareholders in the 1987 annual report, Mr Abdul Rahman Saleh al-Ateqi, the chairman of Bahrain Middle East Bank, one of the country's 16 locally incorporated offshore banks, describes the year as one "of unfulfilled hopes."



Ibrahim Abdul-Karim: Bahrain's Finance Minister

Mr al-Ateqi is a figure of considerable authority in his own country - Kuwait - as well as abroad: a former Finance and Oil Minister and now adviser to the Amir, Kuwait's ruler. He is also chairman of Arabian Investment Banking Corporation (Investcorp), the Bahrain institution currently amassing a key stake in Gucci, the Italian luxury leather, perfume and fashion house.

Saudi shipping group in black

NATIONAL SHIPPING Company of Saudi Arabia (NSCSA), the kingdom's maritime flag carrier, has returned to the black after three years in which cumulative losses reached SR70.5m (\$18.8m).

It reported net profits of SR2.8m for 1987, a turnaround from losses the previous year of SR9.2m. This year has started even better, with the company making SR7.3m in the first three months.

NSCSA is 29 per cent owned by the Saudi Government. The rest of the shares are publicly traded. Last year, revenues rose 24.4 per cent to SR433.5m as volumes carried rose to just under 2m tonnes from 1.5m tonnes. NSCSA has a fleet of six roll-on/roll-off vessels and two chemical tankers. It began operations in 1981.

Sime Darby sees big rise

SIME DARBY, the Malaysian conglomerate, is projecting a 50 per cent increase in group pre-tax profit for the year to June, at 270m ringgit (US\$104.5m), compared with 181.5m ringgit, writes Wong Sulong in Kuala Lumpur.

The forecast is contained in a circular to shareholders seeking approval for the purchase of a 7.4 per cent stake in the London-

based Harrison and Crossfield trading group from Permodalan Nasional (PNB), the Malaysian government investment agency. Sime is to issue 109.1m new shares to PNB in exchange for the 9.93m H and C shares. This would represent slightly more than 10.5 per cent of Sime's enlarged paid-up capital of 1.035bn shares.

CSR disposal to Shell unit

transformation into an industrial group. CSR says the disposals will raise a total of about A\$125m (US\$100.5m). In the latest deal, Billiton is buying a 70 per cent interest in PT Lusang Mining which mines gold and silver at Lebang Tandai, Sumatra, and has 11 exploration other prospects in Indonesia.

Sumitomo Bank Capital Markets, Inc. 9 3/4% Guaranteed Notes due June 1, 1993. Guaranteed as to Payment of Principal and Interest by The Sumitomo Bank, Limited New York Branch. Goldman, Sachs & Co. Bear, Stearns & Co. Inc. The First Boston Corporation Daiwa Securities America Inc. Lazard Freres & Co. Merrill Lynch Capital Markets Morgan Stanley & Co. Incorporated Salomon Brothers Inc. Shearson Lehman Hutton Inc. May, 1988

Notice of Early Redemption Teollisuuden Voima Oy U.S. \$100,000,000 Floating Rate Retractable Notes Due 2004. Notice is hereby given that pursuant to Condition 5(a) of the Notes, Teollisuuden Voima Oy will redeem all of the Notes at 100% of their principal amount on the next interest payment date, 11th July 1988, when interest on the Notes will cease to accrue.

MALAYSIA US \$300,000,000 Floating Rate Notes due 1992. In accordance with the provisions of the Notes, notice is hereby given that for the six months Interest Period from 7th June 1988 to 7th December 1988 the Notes will carry an interest rate of 8 1/4% per cent per annum. The relevant Interest Payment Date will be 7th December 1988 and the Coupon Amount per US\$ 50,000 will be US\$ 2,080.99 and per US\$ 250,000 will be US\$ 10,404.92. Reference Agent Bank of Tokyo International Limited June, 1988

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Barry Riley on international ambitions at a Swedish insurance group
Skandia sets out a life policy

SKANDIA INTERNATIONAL, the Swedish-based insurance group so far mainly involved in reinsurance, is hiding to become a significant international force in the life assurance, pensions and savings business.

Unit-linked life assurance and pensions will be the major products, possibly supplemented by mortgages, asset management and financial planning services in Continental Europe.



Hans Dalborg: a tribute to British inventiveness

The group does not use its own salesmen or tied outlets, but is committed to market its products through independent intermediaries. These can be insurance brokers in the UK, stockbrokers in the US (where its unit-linked savings plans will be treated as securities for regulatory purposes) or commercial banks in, say, Switzerland.

quality products should go through at very low expense. The immediate step is the launch of Slam, it is costing between \$35m and \$40m to establish this American operation nationwide, with all the complications of the requirements to gain approval in every state.

Japanese moderate treasury operations

By Ian Rodger in Tokyo
JAPANESE industrial companies appear to be moderating their treasury operations since last October's worldwide stock market crash, according to the Tokyo-based Wako Research Institute.

Table with 3 columns: Company, Investment Change (Yen), Change (%)

Dealers regain appetite for Canadian dollar issues

BY DOMINIQUE JACKSON

THE EUROBOND market started the week with a batch of new issues - four of them in Canadian dollars - but with few fresh factors emerging to influence secondary trading.

INTERNATIONAL BONDS

10 3/4 per cent deal at 101 1/2 carries the guarantee of Ford Motor Credit.

anted by parent Fuji Bank. The issue was priced at 65.32 for an effective yield of 9.3 per cent.

Algeria may again avoid debt rescheduling

BY FRANCIS GHILES

ALGERIA HAS for several years confounded predictions that it would be forced by falling oil prices into rescheduling its foreign debt.

credit lines to finance such imports. The reason was twofold: the terms were more attractive and dependence on relatively volatile short-term credit from banks would be shifted to more stable medium-term funds from bilateral sources.

from Japan's Exim Bank for the six months to September 1. This total is made up of \$200m-300m in yen-denominated loans to Algerian banks, while a further \$200m will be made available in a co-financing with the World Bank.

The crash was not enough to cause companies any significant losses. The combined balance of financial assets held by the 993 companies surveyed by Yako grew 37.9 per cent to ¥13,083.2bn (€10.4bn) at the end of the fiscal year to March.

Wood Gundy brought the Province of Manitoba to the market with a C\$150m-10-year deal which has a novel put option after four years. The issue carries a 9 1/2 per cent coupon and is priced at 101.

Two zero-coupon issues were launched, Fuji International Finance led a \$40m five-year deal for Fuji Bank Luxembourg, guaranteed by parent Fuji Bank.

Prices in Switzerland finished the day narrowly mixed in reasonable volume. A SFR150m issue for Oppland Energi verktrading for the first time closed at 97 1/2 compared with a 101 1/2 issue price. Union Bank of Switzerland is expected to lead an issue for the City of Kobe today.

FT INTERNATIONAL BOND SERVICE

Table listing international bonds with columns for Country, Issue, Bid, Offer, Change, Yield, and Closing prices on June 6.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange against four key currencies on Monday June 6 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise.

Table with columns for Country, £/Stg, US\$, D-Mark, Yen (x100), and Country, £/Stg, US\$, D-Mark, Yen (x100)

TRADE INDEMNITY CREDIT RISK MANAGEMENT SERVICES 01-739 9939

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (f) Financial rate; (g) Non-commercial rate; (h) Business rate; (i) Buying rate; (j) Lending rate; (k) Market rate; (l) Official rate; (m) Government issue; (n) Government issue; (o) Selling rate; (p) Tourist rate; (q) Some data supplied by Bank of America.

Lloyds Bank Base Rate.

Lloyds Bank Plc has increased its Base Rate from 8 per cent to 8.5 per cent p.a. with effect from Monday 6 June 1988.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Lloyds Bank Base Rate will be varied accordingly.

The change in Base Rate will also be applied from the same date by the United Kingdom branch of The National Bank of New Zealand Limited.



THE THOROUGHBRED BANK.

Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS.

Bank of Scotland BASE RATE

Bank of Scotland announces that with effect from Monday, 6th June, 1988 its Base Rate will be increased from 8.00% per annum to 8.50% per annum



A FRIEND FOR LIFE



The Royal Bank of Scotland plc Base Rate

The Royal Bank of Scotland announces that with effect from close of business on 7 June 1988 its Base Rate for advances will be increased from 8% to 8½% per annum.

The Royal Bank of Scotland plc, Registered Office: 38 St. Andrew Square, Edinburgh EH2 2DU. Registered in Scotland No. 29222.



BASE RATE

CLYDESDALE BANK PLC ANNOUNCES THAT WITH EFFECT FROM 7TH JUNE, 1988, ITS BASE RATE FOR LENDING IS BEING INCREASED FROM 8% TO 8½% PER ANNUM



Base Rate

On and after 7th June, 1988 Standard Chartered Bank's Base Rate for lending is being increased from 8.0% to 8.5%

Standard Chartered Bank Head Office 38 Bishopsgate, London EC2N 4DE Tel. 01-280 7500 Telex 885951



With effect from the close of business on Monday 6th June 1988 and until further notice, TSB Base rate is increased from 8.00% p.a. to 8.50% p.a.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to TSB Base Rate will be varied accordingly.

TSB Group plc, 25 Milk Street, London EC2V 8LU.

Hill Samuel Base Rate

Hill Samuel & Co. Limited announce that with effect from close of business on 7th June 1988, their Base Rate for lending will be increased from 8.0 per cent to 8.5 per cent. per annum.



Hill Samuel & Co. Limited 100 Wood Street, London EC2P 2AJ Telephone: 01-628 8011.



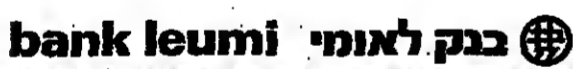
Girobank plc Base Rate

Girobank announces that with effect from close of business on 6 June 1988 its Base Rate was increased from 8.0% 8.5% per annum.

Reg Office: 10 Milk Street London EC2V 8JH Reg No: 1950000

bank leumi (uk) plc Base Rate

Bank Leumi (UK) plc would like to announce that with effect from Tuesday 7th June 1988 its base rate for lending is increased from 8 per cent per annum to 8½ per cent per annum.



Coutts & Co. announce that their Base Rate is increased from 8.00% to 8.50% per annum with effect from the 7th June, 1988 until further notice.

All facilities (including regulated consumer credit agreements) with a rate linked to Coutts Base Rate will be varied accordingly.

Coutts & Co 440 Strand, London, WC2R 0QS

Base Rate Change

With effect from Tuesday 7th June, 1988 Co-operative Bank Base Rate changes from 8.00% p.a. to 8.50% p.a.



Co-operative Bank p.l.c. P.O. Box 101, 1 Balloon St., Manchester M60 4EP. Tel.: 061 832 3456

Barclays Bank Base Rate.

Barclays Bank PLC and Barclays Bank Trust Company Limited announce that with effect from 6th June 1988 their Base Rate increased from 8% to 8½%



Barclays Bank PLC and Barclays Bank Trust Company Limited are members of IMLRO. Reg. Office: 54 Lombard St., EC3P 3AH. Reg. No's 1026167 and 920890.

THE F.T. CENTENARY TRIPLE MARATHON CHALLENGE (London Paris New York) IN AID OF THE SICK CHILDREN'S TRUST

Two employees from the Financial Times will be running the London, Paris and New York marathons this year to raise money for The Sick Children's Trust.

This charitable trust provides desperately needed accommodation for parents of children undergoing long-term specialist treatment at Great Ormond Street and St Bartholomew's Hospitals. The accommodation is currently in very short supply and is urgently required to house parents to comfort their children while they are away from home.

To sponsor the FT athletes please contact:-

Tim Kingham or Cliff Crafts on 01-248 8000 or write to them at:-

Financial Times, Bracken House, 10, Cannon Street, London, EC4P 4BY.

THE SPONSOR WHO DONATES THE HIGHEST CONTRIBUTION WILL RECEIVE A CASE OF LAURENT-PERRIER FT CENTENARY PINK CHAMPAGNE.



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You can gain at least an extra 0.5% interest by investing in higher paying societies. The June issue of Money Observer provides a unique star guide to the best building society deals for investors and borrowers, plus a comprehensive listing of every building society interest and mortgage rate, as well as a complete share-guide, and analysis of every unit trust, and investment trust.

Also in this 116 page issue, we profile Colin Rossier, and London International Group's Alan Wozniak, report on AVCs and pensions, preview next month's dividend announcements, reveal who is building up key stakes in which companies, and discuss home-income plans for the elderly and home equity-release schemes for all. You will also have the chance to win two free tickets to the USA in our prize draw.

The June issue of Money Observer is out now at all leading newsagents, price £1.95.

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THE MONTHLY MAGAZINE FOR DISCERNING INVESTORS



NatWest announces that with effect from and including Tuesday 7th June 1988 its Base Rate is increased from 8.00% to 8.50% per annum.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to NatWest Base Rate will be varied accordingly.

41 Lothbury London EC2P 2BP

YORKSHIRE BANK Base Rate

With effect from close of business on Tuesday 7th June 1988 Base Rate is increased from 8% to 8½%

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Yorkshire Bank Base Rate will be varied accordingly.



Head Office 20 Merrion Way, Leeds LS2 8NZ

UK COMPANY NEWS

BP extends tender offer for \$100m of Lear Petroleum debt

BY STEVEN BUTLER

British Petroleum yesterday extended until June 10 its tender offer for \$100m (£55m) of debt issues of Lear Petroleum, the US gas distribution company which it is in the process of acquiring, following underscription of the offer by holders of the debt.

As of June 3 some \$37m of the debt had been tendered to BP at a discount to face value. BP has made the acquisition contingent on the tendering of at least \$100m.

Holders of Lear debt who decline to accept the tender offer would have to take their chances on Lear being able to repay the debt after BP completes the takeover, which would also be contingent on the outcome of a shareholders meeting on June 14.

responsible for paying the debt, this could not be done until the company returns to financial health since BP has said it would not guarantee the issues. This means that holders of the debt would have to wait for an unspecified period of time, presuming that BP turns the company around.

If holders of the debt fail to accept the tender offer, they also run the risk that BP would withdraw from the deal raising further questions about when or if the debt would be satisfied.

BP said yesterday that it did not believe the acquisition was in jeopardy because of failure of the debt holders to respond to the offer, and that the offer could be further extended.

Takeover Panel clarifies water companies' position

BY ANDREW HILL

THE TAKEOVER Panel yesterday issued a special ruling clarifying how the Takeover Code applies to statutory water companies.

Some of the companies have arcane voting structures, which limit the maximum number of votes which may be exercised by shareholders, irrespective of the size of their stake, or even reduce the number of votes available per share as the stake is increased.

All statutory and chartered companies are covered by the code - a clause was recently added to its introduction to reinforce this - but occasionally confusion has arisen because statutory companies are not registered under the Companies Act.

The planned privatisation of the much bigger water authorities has stimulated interest in the companies. Large investors - notably French water suppliers - have been building substantial stakes in the 28 private sector companies, which work under agency agreements with the 10 authorities.

Yesterday's statement says investors should calculate the maximum number of votes they could exercise if restrictions did

not apply and then express that number as a percentage of the total number of votes which could possibly be exercised. As with ordinary companies, once the investor's nominal stake passes 29.9 per cent, a full offer has to be made.

Investors in statutory water companies do not have to declare a stake until it reaches 15 per cent, compared with the 5 per cent disclosure level for registered companies.

Most of the major investors in water companies already express their stakes in the recommended way.

"I would be surprised if any new investors popped up as a result of the statement," said an official of the panel, which advises any potential bidder or substantial investor to consult it at an early stage.

"We seem to have been talking about water companies half our time recently."

● Biwater Supply yesterday announced that its final offer for East Worcestershire Waterworks Company would close at 3pm on 20 June. The offer was declared unconditional last month.



Eric Morley (left), chairman of the Miss World Group, Julia Morley, his wife, and Owen Oyston, chairman of Red Rose Radio who agreed a merger of the two companies yesterday.

Liquidation for Drayton Japan as holders vote for transfer of units

The long-running saga over the fate of the Drayton Japan Investment Trust all but came to a conclusion yesterday as shareholders voted overwhelmingly in favour of revised reconstruction proposals.

These will allow investment trust shareholders to transfer either to Drayton Far Eastern Trust or to a new unit trust, MIM Britannia Drayton Japan. Following the vote at yesterday's extraordinary meeting, the scheme will now be implemented and Drayton Japan will be liquidated on June 15.

In the event, it emerged that 87 per cent of shareholders opted for the new units and the balance for a continuing stake in the investment trust. Lord Stevens of Ludgate, Drayton chairman, criticised the attitude of three unidentified institutions which first voted for liquidation last year.

"It is unsatisfactory for investors in general when even the best performing companies, be they investment trusts or industrial, are going to be subject to liquidation or takeover for a short-term opportunistic profit."

OFFICE PROPERTY

The Financial Times proposes to publish this survey on:

Friday 24 June

For a full editorial synopsis and advertisement details, please contact:

Joe Bell

on 01-248 8000 ext 3284

or write to HIM at:

Brackton House

10 Cannon Street

London

EC4P 4BY

FINANCIAL TIMES

UK & FOREIGN BUSINESS NEWS

This notice is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an offer or invitation to any person to subscribe for or purchase any shares in the Company. Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary Shares and the Warrants to subscribe for Ordinary Shares in the Company in the Unlisted Securities Market. Dealings are expected to commence later.

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Introduction to The Stock Exchange by **PHILLIPS & DREW SECURITIES LIMITED**

SHARE CAPITAL

Authorised £	Issued and fully paid £
6,700,000	4,412,932.85

Ordinary Share of 5p each

The document relating to the Introduction is available in the External Statistical Service. Copies of this document may be obtained during normal business hours up to and including 10th June 1988 from the Company Announcements Office, 46-50 Finsbury Square, London EC2A 1DD and during normal office hours on any weekday (Saturdays and public holidays) excepted up to and including 19th July 1988 from:

Tranwood PLC, 123 Sloane Street, London SW1X 9BW	Phillips & Drew Securities Limited 120 Moorgate, London EC2M 6XP
--	--

8th June 1988

We're one of the largest marketing services organisations in the world. And no one even knows our name.

As Pineapple Group PLC we were known in most circles for dance, exercise and fashion. But that was only one part of a changing and very much larger story.

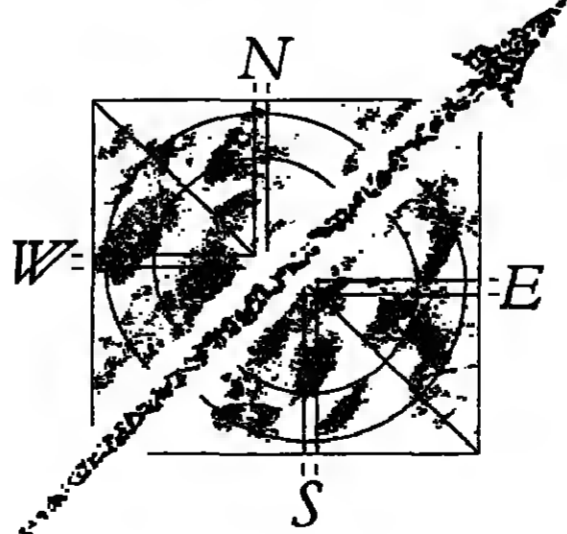
Since 1985, the Group has been expanding fast. Into Graphics & Design, Incentives & Motivations, Sales Promotion & Direct Marketing and Specialist Communications.

Today, with our UK and US interests, we're one of the largest below-the-line Marketing Services organisations in the world. Which may come as a surprise, and not a little concern, to our competitors.

To reflect that change in direction and our confidence in the future, we're calling ourselves something different.

From Monday 6th June 1988 we'll become known as Prospective Group plc.

Look out for us.



Prospective

GROUP plc

IN BRIEF

HARTWELL - Byrom House Nominees has acquired a further 710,000 ordinary shares increasing holding to 5.4m ordinary (6.57 per cent).

KEEL ENERGY - Rights issue has received valid acceptances for 7.073m offer units (40.8 per cent).

TRIMOCO - Norcombe, which is beneficially owned by Bishopsgate Investments, has purchased a further 1.5m shares ordinary making total holding 6.15m (7.58 per cent).

NORTHAMPTONSHIRE

The Financial Times proposes to publish this survey on:

21st June 1988

For a full editorial synopsis and advertisement details, please contact:

Anthony G Hayes

on 021-454-0922

or write to him at:

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PICCADILLY RADIO

The Greater Manchester Media Group

SUMMARY OF INTERIM RESULTS	1988	1987
	£	£
Turnover	4,261,727	2,428,733
Operating profit (before changing BSA records)	785,790	416,305
Group pre tax profit	537,300	253,138
Earnings per share	3.05p	1.52p

- Pre tax profit up 112%
- Buoyant advertising revenue
- Business development continuing
- Second half starting strongly

PICCADILLY RADIO



DIVIDENDS RESUMED AFTER RECOVERY TO £511,000

Australian sale aids Borthwicks

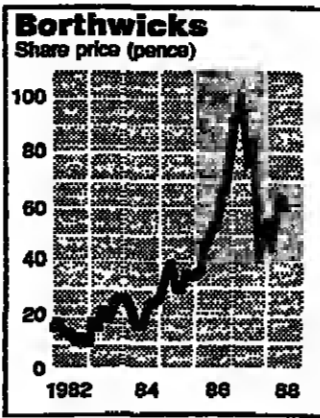
BY ANDREW HILL

Borthwicks, food manufacturer and trader, returned pre-tax profits of £511,000 in the half-year to March 27, compared with £27,000 in the equivalent period and losses of £2.2m in the year to September 27.

revival in the flavours business, but bakery products - mainly cake decorations - experienced currency-related difficulties and problems in the commissioning of a new plant, leading to a decline in profits.

comment

The excitement which surrounded Borthwicks' sale of its Australian interests earlier in the year is gradually being replaced by the realisation that there is still a long way to go.



Borthwicks Share price (pence)

All-round growth lifts Sketchley to £13.39m at year-end

By Fiona Thompson

Sketchley, the dry cleaning, workwear rental, office services and vending and catering group, yesterday announced pre-tax profits 25 per cent ahead to £13.39m for the year to April 1 1988, up from £10.67m.

Mr Malcolm Glenn, executive chairman, said the major reconstruction of the company was virtually complete and the concentration on work was on boosting profits.

Turnover rose 38 per cent from £131.65m to £181.19m. This included a £7.1m contribution from the discontinued Canadian activities, compared with the previous year's discontinued activities of £29.85m, representing both the Canadian and US businesses.

Coal sales upturn helps boost Great Western 86% at midway

BY STEVEN BUTLER

Great Western Resources, US-based resources group listed in London, yesterday reported an 86 per cent increase in pre-tax profits to £7.4m (£4.1m) in the six months to end-March. Sales rose from \$37.9m to \$71.1m.

Great Western was able to obtain significant working interests in two proved gas lease blocks in the Gulf of Mexico and production is anticipated within a year. The results of exploration on further gas prospects on the licencees is expected to be announced shortly.

comment

Great Western Resources is one of the few oil stocks that has failed to recover from the depths of the October crash. This undoubtedly reflects the stock's bid-proof character, since the chairman, Mr Daniel Pena, and

other directors control the company. Also hanging over the company is an unhappy Kuwait Investment Office, which owns the lion's share of class B non-voting stock. And the current lack of an active stockbroker has contributed to illiquidity in the shares. All this may explain why the share price only scarcely reflects the asset value and earnings quality of the financially conservative company that Great Western has become.

Aspen expands via £1.5m acquisition

Aspen Communications, the USM-quoted company with interests in corporate video, media, mobile communications and specialist printing, has acquired MASS (Merchandising and Sales Services) from Quaker Oats.

Initial consideration is £1.5m in shares. Quaker may receive a further consideration of £600,000 dependent on sales revenue.

NMC rises to £6.3m and builds packaging capacity

NMC Group said all divisions performed well in the year to March 31 1988 and pre-tax profits rose 60 per cent from £4.2m to £6.32m. Turnover of the group, formerly known as N M C Investments, increased 85 per cent from £27.12m to £49.57m.

Profitability had improved substantially and the company was currently developing three business parks of freehold industrial units and retail/office developments in quality locations in Kent.

Pacer warns of profits fall after contracts hitch

By Peter Pearce

Pacer Systems, US-based supplier of military software and support services and manufacturer of helicopter airspeed measuring equipment, warned yesterday that pre-tax profits for the current year would be significantly lower than the £2.5m previously anticipated.

Pacer said that measures recently announced by the US Defence Department to bring actual spending into line with that authorised by Congress for the year to September 30 1988 principally involved the deferment of certain contracts until, and possibly beyond, the end of this month.

ANGLOVAAL GROUP

DECLARATION OF ORDINARY AND PARTICIPATING PREFERENCE DIVIDENDS - YEAR ENDING 30 JUNE 1988



Dividends have been declared payable to holders of ordinary, preference and participating preference shares registered in the books of the undermentioned companies at the close of business on 24 June 1988.

Table with 7 columns: Name of company, Dividend declared, Total for financial year, Consolidated profit, and Amounts absorbed by dividends. Rows include Anglovaal Limited, Anglovaal (Africa) Limited, Anglovaal (Australia) Limited, Anglovaal (Canada) Limited, Anglovaal (New Zealand) Limited, Anglovaal (South Africa) Limited, and Anglovaal (USA) Limited.

Notes: 1. This declaration represents 5 cents in respect of the fixed rate of 5 per cent per annum for the half-year ending 30 June 1988 and 215 cents, being a 50 per cent participation in the final dividend of 430 cents declared on the ordinary and 'A' ordinary shares.

By order of the boards: Anglovaal Limited, Anglovaal (Africa) Limited, Anglovaal (Australia) Limited, Anglovaal (Canada) Limited, Anglovaal (New Zealand) Limited, Anglovaal (South Africa) Limited, Anglovaal (USA) Limited.

Randworth Trust

Randworth Trust has agreed to pay £13m cash for the leasehold interest of Legal & General Assurance comprising the basement to the second floor of 9/111 Kensington High Street, London.

CORRECTION

Brown (N) Group: Brown (N) Group's board meeting will be held on Thursday, June 9, not Friday, June 10 as reported in the FT Financial Diary on Monday.

Sheraton doubles payout as profits soar to £11m

Sheraton Securities International followed up the £2.3m advance in pre-tax profits at half year with a second half rise of £4.2m. The total of £11.27m for the year to March 31 1988 compares with £4.65m previously.

Separate listing for US business of FKI Babcock

FKI Babcock, the electrical and engineering company formed last summer when FKI Electricals bought the much bigger Babcock International, is planning to seek a separate listing for its North American business next year.

COMPANY NEWS IN BRIEF

CARADON said 6.72m shares were to be issued to finance part of the cost of buying Everest. Existing shareholders applied for 5.89m, some 87 per cent of the shares in the placing and offer. EVE GROUP has acquired C.G.S. Engineering from Mr Derrick Greetham. The company specialises in the fabrication of steel towers for overhead transmission lines and communications and produced a turnover of £1.5m.

Advertisement for Hazlewood Foods PLC through its wholly owned subsidiary, Weselke Holdings GmbH, has acquired Feldhues GmbH, Metelen, West Germany. The undersigned initiated and advised on this transaction for Hazlewood Foods PLC. COUNTY NATWEST The NatWest Investment Bank Group.

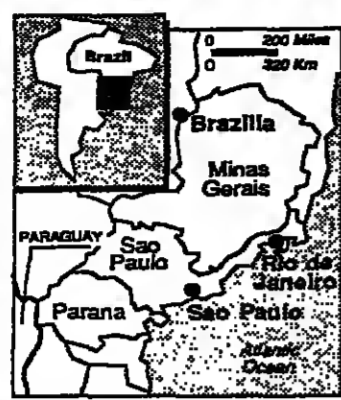
Advertisement for GRANADA GROUP PLC. Issue of up to 53,667,524 7.5p (net) New Convertible Preference Shares of 10p each in connection with the acquisition of DPCE Holdings plc. Authorized £5,400,000. 7.5p (net) New Convertible Preference Shares of 10p each. Issued and fully paid £3,366,752. The Council of The Stock Exchange has admitted up to 53,667,524 7.5p (net) New Convertible Preference Shares of 10p each to the Official List.

COMMODITIES AND AGRICULTURE

Coffee prices leap on fear of frost damage in Brazil

By JOHN BARNHAM IN SAO PAULO AND RICHARD MOONEY IN LONDON

FEARS THAT a weekend frost had caused heavy damage in Brazil's prime growing regions sowed panic throughout the coffee market yesterday morning...



Early reports claiming that in Parana, an important coffee growing region, 30-40 per cent of coffee bushes had been damaged, pushed the September position on the London futures market to \$1.195 a tonne...

Mr Jochen Timm, a partner in Brazil's Stockler export house, explained: "We had low temperatures during the last few nights and we did have some frost-bite on some leaves in low lying areas in Parana but talk of huge losses is just that - talk."

"Now the weather is beginning to warm up and could hold until the next cold front arrives, probably by Thursday or Friday," Mr Timm added.

In London, Mr Rob de Jong of the E.D. & F. Man trading house

pointed out that Parana accounted for a relatively small proportion of Brazilian coffee production these days: only 5m bags (60 kg each) or so out of the 30m-40m bags forecast for the 1988 crop, which is vulnerable to frost over the next few months.

Malaysian tin values recover

By WONG SULONG IN KUALA LUMPUR

PRICES OF physical tin in Malaysia have breached the psychologically important level of 15 ringgit a kilogram and are now at their highest levels since the collapse in the world's tin markets late in 1985.

On the Kuala Lumpur Tin Market, the price rose nine cents to 16.04 ringgit a kilogram last Friday, and yesterday added another eight cents to 18.12 ringgit.

While the price rise has not been as pronounced in tin as in other commodities, Malaysian producers say the trend is very positive and is in line with fundamentals.

As a result of the rationalisation programme of the seven-nation Association of Tin Producing Countries, consumption is now greater than supply and the over-

bang, currently estimated at 40,000 tonnes, is being whittled down at a rate of between 1,500 tonnes and 2,000 tonnes a month.

The market is also being buoyed up by reports that US consumers are facing a shortage of tin for immediate delivery as a result of reduced Chinese exports.

Malaysian officials hope the overhang can be eliminated altogether by the end of next year, when they hope the tin price should rise to between 20 and 22

Why Japan plans cuts in copper production

By Kenneth Gooding, Mining Correspondent

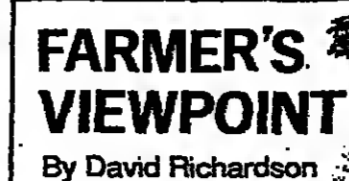
SHORTAGES OF copper concentrate (material supplied by the mines which is 25 to 40 per cent copper) are responsible for the substantial cuts in output planned by Japanese smelters, suggests the Metals and Mineral Research Services group.

It points out that the Japanese Ministry of International Trade and Industry has forecast a 7.5 per cent fall to 305,000 tonnes in refined copper production in Japan for the 1988-89 fiscal year. MITS says the cuts are needed to avoid "possible over-supply" because of large-scale imports of refined metal.

They point out, however, that Malaysian miners, who are high-cost producers because of their low grade ores, are "quite comfortable" with the current price, since their average production cost is only about 15 ringgit a kilogram.

Meanwhile, the Kuala Lumpur Commodities Exchange has announced that with immediate effect, the size of its tin futures contract has been increased from one to five tonnes. This will reduce the cost of trading and facilitate arbitrage if and when the London Metal Exchange finally resumes tin trading.

Tilting at EC cereal windmills



By David Richardson

A FEW YEARS AGO, the prospect of deliberately producing less food from a farm than its known capability would have been unthinkable. Now, given the right incentive, many farmers might welcome the idea.

When the guarantee system rewarded quality as well, farmers responded, providing the exercise stood a fair chance of showing a profit. But if, as in many cases, there was no such incentive, the commercial priority was yield alone.

I would be reluctant to do so as it would fall far short of meeting my general farm overheads and, given the conditions, there would be little scope for cost economies in labour and machinery.

I might be a little more enthusiastic if the minister decided to opt for grazing on set-aside land, but in view of the policy problems associated with the livestock sector, this seems unlikely.

The European Community has settled on voluntary set-aside - an idea and a name from the US - which in its simplest form means taking a proportion of land out of production for a period to cut the production of unwanted crops.

slightly higher than it was before the quotas. Furthermore, dairy farmers can for the first time calculate not just how to produce the most milk but how to produce a specific quantity most economically.

According to a number of agencies which record profitability, milk is one of the very few commodities to be enjoying modestly improved production margins over the last few years.

Against this background, Mr John MacGregor, the Minister of Agriculture, is this week negotiating final details of the latest measure to control production of cereals - the commodity currently in the most embarrassing

Flowered. As appeals for government assistance pour in from the country's farmers, Mr Arich Nehamkin, the Minister of Agriculture, yesterday asked the Knesset, Israel's parliament, to expedite passage of an amendment to legislation on disaster compensation.

Racking up export sales of about 70,000 tonnes in the season recently ended, Israeli avocados had looked set for a bumper crop next winter. Now, the state marketing board Agrexcon believes exports will be down to 10,000-15,000 tonnes.

According to the Ministry of Agriculture, the forthcoming season had been expected to be a good year all round for fruit and vegetables until the Hamasin (known in Hebrew as Shimon) set in. "They haven't had a Shimon like this since May 1941," said Mr Naftali Yariv, an Agriculture Ministry official, who tried to add up the potential losses already reported.

UK supports Opec's \$18 a barrel target

MR CECIL PARKINSON, the Energy Secretary, said yesterday that he supported the Organisation of Petroleum Exporting Countries' efforts to stabilise oil prices at around \$18 a barrel, Reuters reports from Jakarta.

Mr Parkinson's comments appear to represent a shift in the Government's previously rather hostile attitude towards the Opec cartel. However, the UK's own output was gradually falling as

production from its major North Sea oilfields declined.

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Heat ruins Israeli avocado crop

By Andrew Whitley in Jerusalem

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Farm pollution increases

By Richard Mooney

FARMERS IN England and Wales faced a record 3,889 incidents of river pollution last year, a report by the Water Authorities Association shows. That was a 13 per cent increase from 1986.

World Commodities Prices

Table with columns for Commodity, Unit, and Price. Includes items like Wheat, Corn, Soybeans, etc.

LONDON MARKETS

News of a sharp rise in London Metal Exchange lead stocks prompted a sharp fall in the price of the metal yesterday. Despite steadying in the afternoon the cash price ended £13.50 down at £364.00, virtually eliminating the rally of Thursday and Friday.

COCOA £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for July, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

COFFEE £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for July, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

SUGAR \$ per tonne

Table with columns for Month, Close, Previous, High/Low. Data for July, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

POTATOES £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for Nov, Feb, Apr, May.

SOYABEAN MEAL £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for Jun, Aug, Dec, Jan, Feb, Mar, Apr, May.

GRAINS £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for Jul, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

LONDON METAL EXCHANGE

Table with columns for Commodity, Price, Ring turnover. Includes Aluminum, Cash, Aluminum standard, Lead, Nickel, Zinc, Silver.

SOYABEAN MEAL £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for Jun, Aug, Dec, Jan, Feb, Mar, Apr, May.

POTATOES £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for Nov, Feb, Apr, May.

SOYABEAN MEAL £/tonne

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GRAINS £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for Jul, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

LONDON BULLION MARKET

Table with columns for Commodity, Price, £ equivalent. Includes Gold, Silver, Platinum, Palladium.

SOYABEAN MEAL £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for Jun, Aug, Dec, Jan, Feb, Mar, Apr, May.

POTATOES £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for Nov, Feb, Apr, May.

SOYABEAN MEAL £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for Jun, Aug, Dec, Jan, Feb, Mar, Apr, May.

GRAINS £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for Jul, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

US MARKETS

Silver continued firm on trade buying in the face of mixed profit-taking and local selling, reports Dr. Brent Burnham Lambert. Gold traded narrowly, landing on a fairly steady, with commission house buying around the lows and trade selling at the highs.

New York

Gold 100 Troy oz: \$700.00. Silver 100 Troy oz: \$15.00. Platinum 100 Troy oz: \$1,000.00. Palladium 100 Troy oz: \$1,500.00.

Chicago

Table with columns for Commodity, Price. Includes Soybeans, Corn, Wheat, etc.

SUGAR WORLD

Table with columns for Month, Close, Previous, High/Low. Data for Jul, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

WHEAT 5,000 bu

Table with columns for Month, Close, Previous, High/Low. Data for Jul, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun.

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INDEXES

Table with columns for Index, Value. Includes FTSE 100, Nikkei, etc.

SOYABEAN MEAL £/tonne

Table with columns for Month, Close, Previous, High/Low. Data for Jun, Aug, Dec, Jan, Feb, Mar, Apr, May.

POTATOES £/tonne

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound steady despite rate rise

TRADING HAD A rather technical feel on the foreign exchanges yesterday, with the dollar and sterling showing mixed changes.

The Bank of England nudged clearing bank base rates up another 1/8 p.c. yesterday, but must have been satisfied by the pound's steady performance, and the lack of any renewed demand for the currency.

The most obvious movement was in the D-Mark and Japanese yen, as a result of the unwinding of short positions in the D-Mark and long positions in the yen.

There were no major statistics to influence the market, but Friday's news on US employment data continued to have some impact.

Rising unemployment in May, and a lower than expected rise in non-farm employment, eased fears about rising US inflation.

This also put a question mark against earlier suggestions that the Federal Reserve was about to tighten its credit policy, in order to stem overheating in the US economy.

Although the market no longer saw an immediate need for the US authorities to increase interest rates, the dollar was underpinned by signs of renewed confidence in US shares and bonds among Japanese investors.

In general the dollar appeared to gain strength from the employment data, particularly against the Japanese yen.

At the weekend Mr Karl Otto Poehl, President of the West German Bundesbank, indicated that the central bank did not wish to see any further weakening of the D-Mark.

Over recent weeks the market has tended to build up long positions in the yen and short positions in the D-Mark.

This was in response to expectations of continued strong Japanese growth this year, and a rather dull performance by the West German economy.

But last week it was announced that first quarter growth in German gross national product was a strong 1.5 p.c., compared with 0.5 p.c. in the fourth quarter of last year.

This encouraging growth rate in Germany, coupled with the remarks of Mr Poehl, led to buying of the D-Mark, and the yen was the most obvious currency to sell, because long positions have been built up recently.

There was no news to suggest the yen has any underlying technical correction in other currencies.

The dollar rose to Y128.10 from Y125.90, but against the strong D-Mark fell to DM1.7165 from DM1.7270.

It also declined to FF15.8050 from FF15.8385, and to SF1.4320 from SF1.4385.

Sterling contracts firmer

STERLING DENOMINATED interest rate contracts were firmer on the Life market yesterday.

This followed the Bank of England's move to increase UK bank base rates another 1/8 p.c., only a few days after the last increase.

This came as something of a surprise to the market, as upward pressure on rates appeared to be easing during the morning, with an improvement by sterling against the D-Mark.

September long gilts rose to a peak of 96.10, on the rise in base rates, and finished only slightly lower at 95.09, against 95.18 previously.

Most trade has now transferred to the September month, which opened lower at 90.32 yesterday. This was the lowest level of the day, and the contract rose to a peak of 90.64, before closing at 90.65, compared with 90.38 on Friday.

Gilt futures gained support from the anti-inflationary implications of higher UK interest rates.

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FINANCIAL FUTURES

STERLING DENOMINATED

deposit futures rose to 91.05 from 91.02, in spite of the approaching delivery of the contract.

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EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Bid, Ask, Last, and other market data for various European options.

BASE LENDING RATES

Table listing base lending rates for various banks and currencies, including A-Bank, B-Bank, C-Bank, and P-Bank.

ENGLISH CURRENCY UNIT RATES

Table showing exchange rates for various currencies against the pound sterling.

STERLING INDEX

Table showing the Sterling Index for various currencies and time periods.

CURRENCY RATES

Table showing current currency rates for major international currencies.

CURRENCY MOVEMENTS

Table showing percentage changes in currency rates over time.

OTHER CURRENCIES

Table showing rates for various other international currencies.

MONEY MARKETS

Base rates to 8 1/2%
CLEARING BANK base rates rose to 8 1/2 p.c. yesterday, following a clear signal from the Bank of England, through a half point rise in its market lending rate.

STERLING SPOT - FORWARD AGAINST THE POUND

Table showing spot and forward rates for sterling against the pound.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing spot and forward rates for the dollar against the dollar.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various Euro-currency instruments.

EXCHANGE CROSS RATES

Table showing cross rates between various major currencies.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies in London.

NEW YORK

Table showing financial data and interest rates for New York.

LONDON MONEY RATES

Table showing money market rates in London.

CURRENCY FUTURES

Table showing futures prices for various currencies.

CURRENCY EXCHANGES

Table showing exchange rates for various currencies.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies in London.

Barnes & Co. presents STEIDLMEYER MARKET THEORY SEMINAR LONDON July 9th - 13th 1988 MARKET PROFILE/NEW RESEARCH DISCOVERIES

Chemical Bank Home Loans Money Market Mortgages The rate for LIBOR-linked mortgages for the quarter beginning 3 June 1988 will be 10% (APR 10.5% variable).

Company Notices SOCIETE GENERALE DE BELGIQUE GENERALE SOCIETE GENERALE DE BELGIQUE

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, organized into columns for various providers and funds. Includes sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main body of the document containing multiple columns of unit trust information, including fund names, providers, and performance metrics.

OFFSHORE INSURANCES

Table of offshore insurance policies, listing various companies and their respective details.

OFFSHORE AND OVERSEAS

Table of offshore and overseas investment funds, detailing fund names and performance.

UK LISTED

Table of UK-listed investment funds, listing fund names and their characteristics.

MANAGEMENT SERVICES

Table of management services provided by various financial institutions.

Handwritten note at the bottom center of the page: 'Merrill Lynch'.

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

OTHER OFFSHORE FUNDS

Table listing various offshore funds including Abbey Global Investment Fund, Adams & Neill Fund, and others with columns for fund name, price, and change.

UNIT TRUST INFORMATION SERVICE

Main table listing unit trusts such as Capital Growth Investment Management Ltd, Credit International, and others with detailed columns for fund name, price, and change.

UNIT TRUST INFORMATION SERVICE

Continuation of unit trust information table listing funds like National Growth, Global Growth, and others.

BRITISH FUNDS

Table listing British funds including 'Shorts' (Lives up to Five Years), Five to Fifteen Years, and Over Fifteen Years categories.

BRITISH FUNDS - Contd

Continuation of British funds table listing various fund names and their performance metrics.

FOREIGN BONDS & RAILS

Table listing foreign bonds and rails including American and Commonwealth & African Loans.

AMERICANS

Table listing American funds and other international investments.

Money Market Trust Funds

Table listing money market trust funds such as Charities Aid Foundation Money Market Fund.

Money Market Bank Accounts

Table listing money market bank accounts from various institutions.

UNIT TRUST NOTES

Notes and commentary regarding unit trusts, including information about the FT Unit Trust Information Service.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for stock name, price, and other financial metrics.

CANADIANS

Table listing Canadian stocks with columns for stock name, price, and other financial metrics.

BANKS, HP & LEASING

Table listing bank and leasing stocks with columns for stock name, price, and other financial metrics.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS - Contd

Table listing building, timber, and road stocks (continued) with columns for stock name, price, and other financial metrics.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store stocks with columns for stock name, price, and other financial metrics.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks (continued) with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES - Contd

Table listing drapery and store stocks (continued) with columns for stock name, price, and other financial metrics.

ELECTRICALS

Table listing electrical stocks with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store stocks (continued) with columns for stock name, price, and other financial metrics.

DRAPERY AND STORES

Table listing drapery and store stocks (continued) with columns for stock name, price, and other financial metrics.

ENGINEERING

Table listing engineering stocks with columns for stock name, price, and other financial metrics.

ENGINEERING - Contd

Table listing engineering stocks (continued) with columns for stock name, price, and other financial metrics.

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ENGINEERING

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INDUSTRIALS (Misc.) - Contd

Table listing industrial stocks (continued) with columns for stock name, price, and other financial metrics.

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INDUSTRIALS (Misc.)

Table listing industrial stocks (continued) with columns for stock name, price, and other financial metrics.

INSURANCES

Table listing insurance stocks with columns for stock name, price, and other financial metrics.

LEISURE

Table listing leisure stocks with columns for stock name, price, and other financial metrics.

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LONDON SHARE SERVICE

هكذا صنعنا اوتفيل

LEISURE - Contd

Table of Leisure stocks including Leisure Group, Leisure Leisure, Leisure Leisure, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of Paper, Printing, Advertising stocks including Newsprint, Newsprint, Newsprint, etc.

TEXTILES - Contd

Table of Textiles stocks including Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of Oil and Gas stocks including Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of Mines stocks including Mines, Mines, Mines, etc.

PROPERTY

Table of Property stocks including Property, Property, Property, etc.

TOBACCO

Table of Tobacco stocks including Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of Trusts, Finance, Land stocks including Trusts, Finance, Land, etc.

OVERSEAS TRADERS

Table of Overseas Traders stocks including Overseas Traders, Overseas Traders, Overseas Traders, etc.

PLANTATIONS

Table of Plantations stocks including Plantations, Plantations, Plantations, etc.

THIRD MARKET

Table of Third Market stocks including Third Market, Third Market, Third Market, etc.

MOTORS, AIRCRAFT TRADES

Table of Motors, Aircraft Trades stocks including Motors, Aircraft Trades, Motors, Aircraft Trades, etc.

Commercial Vehicles

Table of Commercial Vehicles stocks including Commercial Vehicles, Commercial Vehicles, Commercial Vehicles, etc.

Components

Table of Components stocks including Components, Components, Components, etc.

Garages and Distributors

Table of Garages and Distributors stocks including Garages and Distributors, Garages and Distributors, Garages and Distributors, etc.

NEWSPAPERS, PUBLISHERS

Table of Newspapers, Publishers stocks including Newspapers, Publishers, Newspapers, Publishers, etc.

PAPER, PRINTING, ADVERTISING

Table of Paper, Printing, Advertising stocks including Paper, Printing, Advertising, Paper, Printing, Advertising, etc.

SHIPPING

Table of Shipping stocks including Shipping, Shipping, Shipping, etc.

SHOES AND LEATHER

Table of Shoes and Leather stocks including Shoes and Leather, Shoes and Leather, Shoes and Leather, etc.

SOUTH AFRICANS

Table of South Africans stocks including South Africans, South Africans, South Africans, etc.

TEXTILES

Table of Textiles stocks including Textiles, Textiles, Textiles, etc.

Finance, Land, etc

Table of Finance, Land, etc stocks including Finance, Land, etc, Finance, Land, etc, Finance, Land, etc, etc.

OIL AND GAS

Table of Oil and Gas stocks including Oil and Gas, Oil and Gas, Oil and Gas, etc.

Far West Rand

Table of Far West Rand stocks including Far West Rand, Far West Rand, Far West Rand, etc.

O.F.S.

Table of O.F.S. stocks including O.F.S., O.F.S., O.F.S., etc.

Diamond and Platinum

Table of Diamond and Platinum stocks including Diamond and Platinum, Diamond and Platinum, Diamond and Platinum, etc.

Central African

Table of Central African stocks including Central African, Central African, Central African, etc.

Finance

Table of Finance stocks including Finance, Finance, Finance, etc.

Australians

Table of Australians stocks including Australians, Australians, Australians, etc.

NOTES

Stock Exchange dealing classification is indicated to the right of the stock name in Alpha B Beta, Gamma, Delta, Epsilon, Zeta, Eta, Theta, Iota, Kappa, Lambda, Mu, Nu, Xi, Omicron, Pi, Rho, Sigma, Tau, Upsilon, Phi, Chi, Psi, Omega.

REGIONAL & IRISH STOCKS

Table of Regional & Irish Stocks including Regional & Irish Stocks, Regional & Irish Stocks, Regional & Irish Stocks, etc.

TRADITIONAL OPTIONS

Table of Traditional Options including Traditional Options, Traditional Options, Traditional Options, etc.

A selection of Options traded is given on the London Stock Exchange Report Page.

This service is available in every country dealt in on the Exchange throughout the United Kingdom for a fee of £500 per annum for each security.

LONDON STOCK EXCHANGE

Gilts and equities take positive stance on latest increase in bank lending rates

Account Reading Dates
Option
First Declares Lasts Account
Dealings June 2 Jun 3 Jun 12
Jun 8 Jun 16 Jun 17 Jun 27
Jun 20 Jun 30 Jul 1 Jul 11
These three deal days may take place from 9.00 am to 2.00 pm on the day.

The BANK of England's decision yesterday to engineer another half point increase in domestic interest rates had been well discounted in the UK securities markets, which chose to concentrate on the positive, anti-inflationary, implications of the move.

Longer-dated Government bonds responded positively to the half point rise to 8 1/2 per cent in UK base rates, moving up by 1/8 or so. The medium gains about 1/4. However, there was not much retail support for Gilts which were still keeping a cautious eye on the US bond market.

The City was a little surprised by the timing of the move by the Bank, which acted when the market was looking firmer. However, this also served to hush the market's view that the authorities were showing a prudent regard for the domestic economy.

This accorded with comments in the UK financial press at the weekend that last week's increase in base rates was not a 'panic' response to the fall in sterling but a strategic move by the UK financial authorities. One UK brokerage house suggested yesterday that domestic rates might be heading up to 10 per cent.

Equities, which had been hanging fire during the morning, took a significant turn for the better towards the close, breaking through an important chart barrier of 1820 on the FT-SE scale to close with a double digit gain.

The final reading showed a net rise of 13.5 points to 1827.7 in the FT-SE 100 Index. Overall, however, trading volumes were disappointing, as indicated by the Seaq total of 380.2m shares.

The final upturn in market indices reflected widespread gains in the international blue chips, led by ICI, Glaxo, BAT Industries and Shell. Turnover in these leaders was 11.8m, with only 814,000 ICI and 1m Glaxo shares traded - indicating that the institutions are still behaving with caution.

ment to UK equities may improve over the summer. Equity market interest was not, however, confined to the internationals. Attention also continued to focus around the bid prospects on the consumer pitch.

Rowntree shares edged up by 2 to 105p as rumours circulated that Nestlé would disclose its revised bid very soon. The weekend press had suggested that the final bid might fall somewhere short of the 511 on which the market has been speculating.

Erisk demand (4.8m shares) in Cadbury Schweppes saw the stock rise 14p to 410p after reports that senior executives of General Cinema, the US holder of an 18.4 per cent share stake, are in London this week.

The rest of the food manufacturing and consumer sector also fell under the speculative spotlight. Grand Metropolitan, active last week on rumours that it might be interested in hiding for

Moet-Hennessy Louis Vuitton of France, moved up in late deals. However, the disclosure that Bond Corporation of Australia will bid 537m cash for the Bell group took the speculative heat off Allied Lyons.

Texas Eastern's sale of its North Sea interests to Spanish group Reppol for 277m and news of a gas find in the North Sea by US oil group Mobil triggered another strong wave of buying interest in the oil and gas sector with particular emphasis on the exploration and production stocks.

The price paid for Texas Eastern's interests was said to have increased the going rate for North Sea assets, coming hard on the heels of the bids for Britoil, Tricentrol and Acre. LASMO were immediately bid up on the news and closed 8 higher at 436p on turnover of 3.8m shares, while Enterprise added 3 at 436p.

British Gas hardened to 174 1/2p on 6.5m shares, while American mining lifted Shell 10 to 107 1/2p on turnover of 1.1m. Ladbroke was in the news, announcing two sets of disposals - seven hotels to the Penguin Hotel Group for 530m and the Kensington Exhibition Centre to Randsworth Trust for 57m.

FINANCIAL TIMES STOCK INDICES table with columns for June 6, 6, 3, 2, 1, 31, 30, 29, 28, 27, 26, 25, 24, 23, 22, 21, 20, 19, 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, 0. Includes sub-sections for S.E. ACTIVITY and LONDON REPORT AND LATEST SHARE INDEX.

presentation to institutions at brokers Kicat & Aitken. Questioned on current trading at Ladbroke, Cyril Stein, chairman and managing director said he was "brim-full of confidence".

News that Alan Bond has launched a 537m takeover bid for Bell Group, formerly controlled by Robert Holmes & Court, gave a further fillip to Standard Chartered which jumped 11 to 493p amid speculation that Bell Group's 14.9 per cent stake could soon be on the move to a possible predator; rumours in the market continued to put up Australian banking group Westpac as the most likely candidate to bid for Standard.

The Bell stake in Dewey Warren, and via Dewey, merchant bank Morgan Grenfell triggered a fresh wave of buying interest in the latter which raced up 12 to 303p. Market speculation in recent weeks has suggested that the 21 per cent-plus stake in Morgan held by insurance broker Willis Faber is about to change hands.

The "big-four" banks managed to record minor gains, helped by the increase in base rates and another positive note on the sector by Citicorp Scrimgeour Vickers. "The sector is now more in tune with fundamentals and prospects than has been the case for some time. We remain convinced that there is much more to come, particularly for

those banks with bid potential" Citicorp says. Life assurances were among the day's best performers, with dealers citing takeover speculation and a stock shortage as being partly responsible for good gains throughout the sector.

Prudential jumped 4 to 181p on turnover of 6.6m, while Pearl advanced 13 to 497p ahead of tomorrow's agm. New US issue Arthur Shaw, a safety and security firm, had a successful debut, ending the day at 115p, a premium of 10p on the offer price. Guinness Mahon opened on the main market at 90p, but strengthened through the day to close at 104p in what dealers said was reasonable turnover.

The brewers were subdued at the start by news of Bond Corporation's bid for the Bell Group which reduced the likelihood of Bond bidding for Allied Lyons. Allied shares opened lower, closing at 422p, before rallying to close at 426p, down 3 on turnover of 2.8m. Bass rose 15 to 804p, but was hampered by a large line of stock overhanging the market.

Grand Metropolitan was well supported on currency factors and climbed 13 to 526p as market-makers covered short positions. Boots was one of the more actively traded stocks (1.5m) and settled 8 to the good at 219p. Few analysts are expecting any excitement from the group when it

announces preliminary figures on Thursday. However, yesterday's buying found the market none too well supplied with stock. Currency influences helped Reuters, 11 to the good at 507p, and British Aerospace, which met with keen early support and closed 11 better at 405p.

Speculative demand prompted a sharp rise of 11 to 317p in Nu-Swift. Sinter stake speculation continued to hoot Newman Industries which put on 4 more to 63 1/2p and Metal Closures, up a few pence further to 209p. Salsfactory preliminary figures left Satchel 2 to the good at 330p. Coleridge, reflecting its successful offer for J. Crowther, improved 7 to 182p.

T and N, down a shade at 185 1/2p, failed to benefit from the proposed acquisition of Sime Industrie for 13.8m. Sime is the leading French manufacturer of fluid couplings and industrial safety brakes. USAI quoted Pacer Systems tumbled 17 to 83p on the forecast of significantly lower

turnover profits. Harris Queensway leaped 12 to 158p on turnover of 2.2m shares amid market rumours that news of the consortium layout of the group is imminent; there were also stories of strong buying from Continental sources.

Other stores were barely affected by the revised April retail sales figure which was upgraded from 0.2 per cent to 0.7 per cent. Raters benefited from buying ahead of the analysts' trip to the group's US operations scheduled for Thursday.

FEI Babcock jumped 5 to 127p on a sharply increased turnover of 5.8m shares following the revelation that the company is planning a Wall Street flotation of the company's US interests.

The telecommunications duo made further good progress. British Telecom moved up 4 to 240p on turnover of 3.3m ahead of Thursday's preliminary figures. Forecasts range from around 23.25 to 23.22 in with the majority of brokers going for 22.99 bp.

But the main impetus for BT's upward move came from a "buy" recommendation issued by BZW. The securities house has updated its current year forecast for BT from 22.48 bp to 22.57 bp, and says "investors should be able to look forward to a total return of 16-20 per cent per annum combined with low risk".

Adwest featured the Engineering sector, moving ahead strongly amid persistent takeover speculation which left the shares 30 1/2 higher at 352 1/2p. Tomkins was being put forward as a possible predator. Elsewhere, Braithwaite were noteworthy for a gain of 10 to 245p in response to the recovery in annual profits, while speculative activity in a limited market left Ball Engineering 15 to the good at 386p. E. Priest, reflecting a newsletter recommendation, firmed 2 to 22 1/2p. Glyndwr rallied 5 to 442p on their consideration of the recommended offer for Amart, while P. Robinson edged up 3 to 411p as Coleridge won the day in the battle for control of J. Crowther.

DRG up 13 at one stage as analystmaker marked prices up and others followed. Before closing with a gain of 6 at 366p. AGR Research responded to weekend Press comment with a rise of 2 to 243p, after 24p. Dealers are expecting an announcement soon. Basse Masini Politt continued its recent return from the doldrums and rose 5 to 276p after announcing it had won an account from Scottish Amicable.

Among Properties, Rosebanga ran into profit taking after recent strength on the King's Cross site and added 2 to 252p. Press comment with a rise of 2 to 243p, after 24p. Dealers are expecting an announcement soon. Basse Masini Politt continued its recent return from the doldrums and rose 5 to 276p after announcing it had won an account from Scottish Amicable.

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FT-SE 100 SHARE INDEX 1827.7, 10 am 1817.2; 11 am 1817.1; Noon 1821.4; 1 pm 1821.6; 2 pm 1822.4; 3 pm 1822.4; 3.30 pm 1824.5; 4 pm 1827.7

June 6 Total Contracts 20,172 Calls 14,022 Puts 6,150 FT-SE Index Calls 845 Puts 1075 Underlying security 1875

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks including ASDA Group, British Telecom, and others.

NEW HIGHS AND LOWS FOR 1988

Table listing new highs and lows for various sectors like AMERICANS, CHEMICALS, and ELECTRICALS.

RISES AND FALLS YESTERDAY

Table showing rises and falls for various categories like British Funds, Corporate, and Financial.

LONDON RECENT ISSUES

Table listing recent issues for various companies and their prices.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for price, yield, and other details.

"RIGHTS" OFFERS

Table listing rights offers for various companies.

Disclaimer text regarding the accuracy of the information provided in the tables.



WORLD STOCK MARKETS

Table of World Stock Markets including sections for Austria, France, Germany, Netherlands, and Sweden. Each section lists various stocks with their prices and changes.

Table of Canada Stock Markets including sections for Toronto and Vancouver. Each section lists various stocks with their prices and changes.

Table of Japan Stock Markets listing various Japanese companies and their stock prices.

Table of Australia Stock Markets listing various Australian companies and their stock prices.

Table of Indices including New York Dow Jones, Canada, and World indices with their respective values and changes.

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Closing Prices June 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for High, Low, Open, Close, and various stock symbols. Includes a small inset photo of a man in a suit at the bottom left.

Handwritten scribble or signature at the bottom of the page.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change.

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AMERICA

Market recovers after nervous start

Wall Street
AFTER last week's stunning rally in both equities and bonds, US financial markets perhaps predictably started the week on a less assured note, writes Janet Bush in New York.

The key factor pressuring bond prices in the morning was another surge in the Commodity Research Bureau's futures index, closely watched by the Treasury market as an indicator of inflation.

Equity traders said the weakness in the bond market put downward pressure on stock prices. There is also nervousness after last week's rise of nearly 115 points in the Dow Jones Industrial Average, which took the index to within 40 points of its post-crash high.

Macmillan said it would consider the offer this week. American Carriers added 5 1/2 to 3 1/2, Baytree Investors, which is involved in legal proceedings with the company about a takeover offer it made and withdrew in February, said it would make an announcement this week.

ASIA

Nikkei rises briefly above 28,000

Tokyo
WARNING fears of inflation in the US helped the Nikkei average rise past 28,000 at one stage for the first time in Tokyo yesterday, with buying focused on large-capital and high-technology stocks, writes Shigeo Nishikawa of Jiji Press.

Trading volumes in high-tech stocks were not heavy, however, leading leading securities companies to believe that such stocks are unlikely to replace giant-capitals as market leaders in the immediate future.

Sum Hung Kai Properties and New World saw the largest gains, rising 40 cents and 30 cents to HK\$11.40 and HK\$11.70 respectively.

Analysts had predicted at the time of the bourse's boom that the intense overheating of the small, illiquid Athens market - with a capitalisation of just Dr570m - would be followed by a downward stabilisation, reflecting more the weaknesses in the workings of the exchange than any real economic slump.

Australia

Hong Kong

STRONG metal prices and a fall in the Australian dollar encouraged demand for resource stocks, pushing Sydney share prices higher.

The All Ordinaries index rose 18.1 to 1,598.8. National turnover was heavy at 144m shares valued

DEMAND from both domestic and foreign investors for property issues helped push stocks higher amid reduced fears of NT\$970.

Chang Hwa Commercial Bank rose NT\$14, or 3 per cent, to NT\$487. First Commercial gained NT\$13 to NT\$476 and Hua Nan Commercial added NT\$13 to NT\$470.

FT-ACTUARIES INDICES

Table with columns: NATIONAL AND REGIONAL MARKETS, MONDAY JUNE 6 1988, FRIDAY JUNE 3 1988, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, North America, World Ex. US, World Ex. Japan, The World Index.

Investors steer clear of Greece

By Andriana Ierodiakonou in Athens
THE 1987 boom on the small Athens stock exchange, in which share prices more than tripled and the volume of daily transactions shot up from a meagre Dr7m to over Dr10m on certain memorable days, is long gone.

Canada

SHARES recovered from earlier losses to post an advance in moderate trading, as rising resource issues pulled the market higher.

Singapore

TRADING volume and share prices reached their highest levels in Singapore since last October's market crash. The Straits Times Industrial Index rose for the ninth consecutive session, ending at 1,055.12, while volume reached 62m shares worth \$512m, compared with \$560m on Friday.

Taipei

INVESTORS took heart from the strong gains in Tokyo, and Taiwan share prices rose to their highest ever, with the weighted index closing above 4,800 for the first time, having broken the 4,900 barrier mid-morning.

Elections boost Paris as bourses make broad gains

INTERNATIONAL blue chips ICI, Glaxo, BAT and Shell again took the market higher, as investors considered the weaker pound to be good news for exporters.

London

Nestlé's rival in the battle for Rowntree of the UK, confectioner Suchard, saw its bearers gain Sfr150 to Sfr175.75. News of Suchard's plans to take a majority stake in Greek confectioner Pavlides came after the close.

SOUTH AFRICA

TRADING was subdued in Johannesburg as thousands of black workers started a three-day strike protesting against legislation curbing trade union powers.

EUROPE

SKF, the focus of a rumour that Nobel Industries might bid for the company, saw its B free shares gain SKr13 to SKr278, taking its advance since Thursday to SKr22. Skanska, with a 25 per cent stake in Nobel, added SKr2 to SKr342.

CONTRACTS & TENDERS

Announcement From EREGLI IRON AND STEEL WORKS CO. (ERDEMIR)/TURKEY
1- Approximately 595,000 metric tons of slabs to be imported for our works January 1989-December 1989 period requirement.

Company Notices
RAND MINES GROUP
DIVIDEND DECLARATION
BY VOORUITZICHT GOLD MINING COMPANY, LIMITED
NOTICE IS HEREBY GIVEN that dividend No. 25 of 75 cents per share has been declared in South African currency, as a final dividend in respect of the year ending 30 June 1988 payable to members registered at the close of business on 24 June 1988.

SOCIETE GENERALE
U.S. 500 000 000
Undated Subordinated Floating Rate Notes
For the six months, May 27, 1988 to November 27, 1988, the rate of interest has been fixed at 7.8875% p.a.

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IN THE MATTER OF THE COMPANIES ACT 1985

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